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IN THE

Supreme Court of the United States

OCTOBER TERM—1959

No. 486

JOSEPH SCHREIBER and DAVID GOLDBERG, individually and as partners trading as SCHREIBER & GOLDBERG,

Petitioners,

v.

AMERICAN SAFETY TABLE COMPANY, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Petitioners, the defendants-appellees-appellants below, respectfully pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Second Circuit entered in the above-entitled action on June 19, 1959.

Opinions Below

The opinion of the Court of Appeals for the Second Circuit is reported at 269 Fed. 2nd, 255, and appears as Appendix A to this Petition. The District Court did not hand down an opinion, but made findings of fact and conclusions of law, which appear as Appendix B to this Petition.

Jurisdiction

The judgment of the Court of Appeals was entered on June 19, 1959. A petition for re-hearing filed July 6, 1959, was denied (2-1) on August 26, 1959. The jurisdiction of this Court is invoked under 28 U. S. C. Sec. 1254 (1).

Questions Presented

(1) Was it not error, in view of the provisions of the Patent Act of 1952 that a patent may not be obtained if the differences between the alleged invention and the prior art are such that the subject matter as a whole would be obvious to a person having ordinary skill in the art, for the Court below to adopt a more liberal standard of invention than that established by the recent decisions of this Court?

(2) Was it not error, in view of the provisions of Sec. 112 of the Patent Act of 1952, to read into the claims of the patent in suit, an invention not clearly and specifically pointed out and claimed therein?

(3) Was it not error, for the Court below, absent a finding of secondary meaning, palming off, confusion as to source, to direct the issuance of a permanent injunction against the simulation of elements, the subject of an expired patent and in the public domain?

(4) Was it not error for the Court below, to direct an accounting of damages sustained, arising from the sale of machine and parts which were the subject of an expired patent and in the public domain?

(5) Was it not error for the Court below, to reverse the findings and conclusions of the District Court, that the petitioners had not unfairly competed with the respondent?

Statute Involved

Sections 103 and 112 of the Patent Act of 1952, 66 Stat. 792-814. 35 U. S. C. Sec. 1-293, which are involved herein, are printed in Appendix C to this Petition.

Statement of the Case

Respondent brought this suit against petitioners on two causes of action (A) for infringement of U. S. Patent No. 2,090,318, issued August 17, 1937 to Max T. Voight,[1] and (B) for an injunction and damages based on acts of unfair competition. The Respondent charged that its collar pressing machines, parts of which were the subject of the Voight patent, had acquired a secondary meaning among the trade as being the product of the Respondent, and that the manufacture and sale of simulating copies constituted unfair competition. The Respondent also charged the petitioners with deceitful advertising to mislead purchasers as to the identity of Petitioners, their authority to sell the machines and the use of Respondent's parts in die sets as interchangeable replacements for those of existing machines made and sold by Respondent. The District Court found the patent valid and infringed, but dismissed the second cause of action.

In a second suit, Respondent charged Petitioners with infringement of Voigt patent 2,619,267 covering improvements to Respondent's collar-pressing machines. The cases were tried together but separate judgments were entered.

In the second action, the District Court found the patent valid and infringed. On appeal, the Court of Appeals unanimously reversed the judgment below and dismissed the complaint.

1. Appendix to Defendants' Brief, page 685.

The two claims of Voigt patent No. 2,090,318 cover the die assembly per se of a collar-pressing machine used to shape and press the points of a man's collar preliminary to its being sewn to the neckband of a shirt. The die assembly embodies a lower die or bed plate having formed therein a pair of recessses of triangular shape arranged in side by side relation for respectively receiving the pointed end portions of the collars to be pressed. Each of these recesses have associated therewith a complimentarily shaped upper die adapted to be seated under pressure in the recess to press the collar points between the upper and lower dies. The collar points are positioned within the dies by a retractable internal die blade. The dies are electrically heated. The die assembly is mounted on an inclined table. Foot pedals are used for exerting pressure and activating the internal die blade. The patent claims essentially cover a "double pivot" arrangement in combination with a pair of "leaf springs."

Voigt was not the first to use external and internal dies together with heat and pressure to effectively shape the points of collars, as Judge Nields pointed out in *Beattie Mfg. Co. v. Tuttleman-Cohen-Marcus, Inc.*, D. Del. 1937, 19 F. Supp. 114-115.[2] This suit involved Respondent's machine and was tried and decided after Voigt filed his application for the patent in suit.

Voigt's contention, stated among the objects of his patent application was that the use of his retractable die blade (not included in the claims) made it "possible to secure a more rapid and accurate finish of the garment operated on than in the devices of the prior art."[3]

2. "A real problem existed in the art. McAuley & Beattie solved this problem by the machines and methods of the patent in suit. Thus a soft collar having flat and uniform points was produced."

3. PX 4 Appendix to Defendants' Brief, page 685, LL 6-19.

The District Court found the patent valid and infringed by the substitution by Petitioners of a rigid bar in place of the leaf springs. On appeal, the Court of Appeals, with Chief Judge Clark dissenting, affirmed the judgment of the lower Court.

The majority of the Court found the use of pivots and leaf springs for the purposes intended to be old and well-known. It found, however, that "the novelty and essence of Voight's invention was in conceiving that the application of parallel pressure to a substantial portion of the collar would produce the most effectively pressed and shaped collar". That Voight's use of parallel pressure solved a long existing need in the art. Voight, however, never made claim to "parallel pressure", and the specifications are devoid of any reference thereto.

There was no testimony or proof that Beattie,[4] McAuley[5] or the other patentees who preceded Voigt were ever concerned with parallel pressure, or considered that as a solution to the problem in the industry. There was not a scintilla of proof in the record that anyone purchasing Respondent's machines was prompted to do so because of the "parallel pressure" exerted on the collar point.

The Court of Appeals furthermore pointed out that "McAuley seems to have applied parallel pressure but only to the tip of the point itself". The basis for the Court's finding of invention is therefore predicated on the extension of parallel pressure from the tip of the point to the full point of the collar.

The Court laid great stress on the commercial success of the machines. This, however, was not due to the principle of "parallel pressure", but as Respondent pointed

4. Appendix to Defendants-Appellants' Brief, page 691.
5. Appendix to Defendants-Appellants' Brief page 692.

out at page 41-42 of its answering brief in the Court below, to the economic value of the patent invention to the industry employing it, and savings effected over the Beattie machine. "These savings were due primarily to the fact that the Amco patent machines do not require reversal of the collar for pressing its opposite points as in Beattie which reversal, of course, involved additional motions of 'pick-up, work upon and disposal' of the collars (Capelin p. 829)".

The Court of Appeals in its opinion referred to the same advantages (p. 1545 App. A) and held "we need not fix with precision the exact quantity of success attributable to the patentable as distinguished from the non-patentable features".

The Court of Appeals also gave little weight to the McTague patent[6] which showed the use of rigid cross bars to level the die, adopting Respondent's argument that "even if (McTague) did intend to apply level pressure, it could only have been at right angles to the collar center line, while in the Amco machine the pressure is effected in a direction lengthwise of the center line of the collar". The McTague patent was further rejected because the "machine apparently did not work as evidenced by its lack of commercial exploitation".

Reasons for Granting the Writ

(1) The decision of the Court of Appeals is based on a standard of invention contra to that established by the prior decisions of this Court and is in conflict with decisions of other Courts of Appeals as to the proper interpretation of the Patent Act of 1952.

6. Appendix to Defendants-Appellants' Brief, page 686.

Since the enactment of the Patent Act of 1952 this Court has had no cause to interpret Sections 103 and 112 of the Act. Differences of opinion as to the proper interpretation of Section 103 and as to the standard of invention to be applied have arisen between the Courts of Appeals and even among the Judges of the Courts. This confusion and uncertainty can only be corrected by a review by this Court and an authoritative statement as to its interpretation of the pertinent Sections of the Act.

Prior to the passage of the Patent Act of 1952, this Court in *Atlantic and Pacific Co.* v. *Supermarket Equipment Corp.*, 340 U. S. 147 (1950) granted certiorari to resolve the issue as to whether the lower Court "applied correct criteria of invention". This Court held it had not, adding that "a standard of invention appears to have been used that is less exacting than that required when a combination is made up entirely of old components".

This Court further criticized the finding of validity because the invention was not specifically mentioned in the claims as required by then Section 33, 35, U.S.C.A. The patent was declared invalid because, the old elements performed no different or additional function in their combination than they did out of it, and that the mere elongation of a counter did not amount to invention.

For a while after the passage of the Patent Act of 1952, and until the decision by the Second Circuit Court of Appeals in *Lyon* v. *Bausch & Lomb Optical Co.*, 224 Fed. 2d, 530 (1955), the Courts uniformly and consistently determined questions of invention by applying the standards set by this Court in the A. & P. case and *Cuno Engineering Corp.* v. *Automatic Devices Corp.*, 314 U. S. 84 (1941).

In *Lyon* v. *Bausch & Lomb*, Judges Learned Hand, Swan and Hincks said that the enactment of the Patent Act of 1952 was a codification of case law and signified

"a legislative intent to affirm the test of invention as set forth in *Hotchkiss* v. *Greenwood*, 11 How. 248".[7]

Judge Learned Hand later testifying before a Senate Committee expressed some doubt as to the Court's view and that the intent of Congress in enacting the legislation was to change the standards of invention.[8]

Confusion Between the Circuits as to the Standard of Invention

Since the decision in the *Lyon* case, the interpretation of Section 103 has varied from Circuit to Circuit. The Third Circuit Court of Appeals has followed the *Lyon* case and supported the position that the Patent Act constituted "a Congressional change of direction to assertedly more lenient criteria". *R. M. Palmer Co.* v. *Luden's Inc.*, 236 Fed. 2d, 496-498-500-501 (1956).

The Fourth Circuit Court of Appeals following the *Lyon* case also adopted a more lenient test. *Brown* v. *Brock*, 240 Fed. 2d, 723, 726-728 (1957); *Manville Boiler Co. Inc.* v. *Columbia Boiler Co. Inc.*, 122 P. Q. 545 (Petition for a Writ of Certiorari, now filed in this Court).

The Court of Appeals for the District of Columbia in *L-O-F Glass Fibres Co.* v. *Watson*, 288 Fed. 2d, 40, 47 (1955) has similarly adopted the point of view expressed in the *Lyon* case.

On the other hand, the First, Eighth and Ninth Circuits have adhered to the tests of invention as established by

7. Reiterated by Judges Learned Hand, Hincks and Waterman in *Savoy Leather Mfg. Corp.* v. *Standard Briefcase Co.*, 261 Fed. 2d, 136.

8. Hearings before subcommittee on Patents, Trade Marks and Copyrights of the Committee on the Judiciary, U. S. Senate, 84th Cong. 1st Ses. pursuant to S. Res. 92 on the American Patent System, Oct. 11, 1955 pages 119-120.

this Court prior to the Act of 1952. *Wasserman* v. *Burgess & Blatcher*, 217 Fed. 2d, 402 (1954) C.A. 1: *Bernard Glagovsky* v. *Bowcroft Trimming Co.*, 267 Fed. 2d, 479 (1959) now pending in this Court on a Writ of Certiorari; *Steffan* v. *Weber Heading and Sheet Metal Co.*, 237 Fed. 2d, 601-604 (1956) C.A. 8; *Oriental Foods* v. *Chan King Sales*, 244 Fed. 2d, 909 (1957) C.A. 9.

Differences Within the Second Circuit as to the Test of Invention

Within the Second Circuit a sharp conflict exists between the Judges thereof. In *E. J. Brooks Co.* v. *Stoffel Seals Corp.*, 266 Fed. 2d, 841, Chief Judge Clark and Judge Hincks adhered to the standard set by this Court in its decisions, and Judge Lombard in dissenting advocated a more lenient test as indicated by the *Lyon* case.

In the most recent decision of the same Court, *Tatko Bros. Slate Co. Inc.* v. *Hannon*, 122 U.S.P.Q. 585, Chief Judge Clark and Judge Hincks in invalidating a patent again relied on the *A. & P.* case and other similar holdings by this Court whereas Judge Madden of the U. S. Court of Claims[9] held the patent valid and charged the majority with "a failure" • • • "to adjust itself to the purpose and spirit, the 'mood' • • • of Section 103 of Title 35 U. S. Code, enacted in 1952".

In the instant case, Judges Medina and Lombard, Chief Judge Clark dissenting, relied on the *Lyon* case in holding the Voigt patent valid. The decision of the majority is in direct contradiction of every test and standard set by this Court, in the *A. & P.* case.

9. Sitting by designation pursuant to the provisions of 28 U. S. C. 291 (a).

At the outset, the majority of the Court read into the two Voigt claims as the essence of the invention, "the application of parallel pressure to a substantial part of the collar." This was neither claimed nor described in the Voigt patent and its omission here, just as in the patent in the *A. & P.* case, should have been sufficient to invalidate the Voigt patent. Section 112, 35 U.S.C.A.; *General Electric Co.* v. *Wabash Appliance Corp.*, 304 U. S. 364, 369.

The majority of the lower Court went further and while conceding the lack of novelty in "double pivots" and "leaf springs", as well as the application of "parallel pressure" in the same art as shown by McAuley, nevertheless found invention in the extension of the pressure area from the tip of the point of the collar as shown by McAuley to a "substantial part of the collar". Voigt in his claims spoke of shaping the point of a garment and Respondent's counsel in its brief referred to the machine as designed to shape and press only the "pointed and or wing portion of the collar".

In the companion suit wherein Voigt patent No. 2,619,267 was involved, the Court unanimously reversed the judgment of the District Court and held that combination patent invalid. Among the claims invalidated were those relating to the use of auxiliary pressure arms to press one-half of a collar. Although the Court conceded that these pressure arms were in a limited sense "unique", the Court nevertheless invalidated the claims holding "once the idea is accepted that the use of pressure is an element that will help mold and shape collars, it is but a mere extension of this principle to use auxiliary pressure if the primary pressure force is inadequate in a given area. And the idea of applying pressure to localized areas is plainly old" (App. A, pp. ~~1557-1559~~ 234-236).

It would thus appear that the majority applied different standards of invention in sustaining the validity of first Voigt and in invalidating the second Voigt patent.

It should appear from the foregoing that a review by this Court of the decision below and an authoritative statement interpreting the pertinent sections of the Patent Act of 1952 would eliminate the confusion now existant and the differences of opinion among the Circuits and the Judges within the Second Circuit. The establishment by this Court of a standard of invention, for the Courts to follow, is of widespread public importance and of urgent need.

UNFAIR COMPETITION

CAUSE OF ACTION

Statement of Facts

Respondent's cause of action for unfair competition was joined with that for infringement of the first Voigt patent in this suit, started in 1952. The basis for relief was that Respondent's 1/4 collar-pressing machine PX6 (p. 260, Appendix for Plaintiff-Appellant, Volume 2), manufactured and sold since 1934, and the 1/2 die machine PX25 (p. 289, Appendix for Plaintiff-Appellant, Volume 2), manufactured and sold since 1950, had acquired a secondary meaning in the trade as the products of Respondent, and that the sale by Petitioners of copies thereof PX66 and PX76 (pp. 341, 343, Appendix for Plaintiff-Appellant, Volume 2), constituted unfair competition.

Respondent also charged that Petitioners' advertising and the sale of die assemblies such as PX61 and PX141 (pp. 339, 377, Appendix for Plaintiff-Appellant, Volume

2) as replacements for those contained in machines made and sold by Respondent was unfair and actionable.

At the outset of the litigation, Respondent sought a preliminary injunction which application was denied (p. 638-A, Appendix to Plaintiffs-Appellants' Brief, Volume 1).

At the trial Respondent offered the Sun Brand ad PX36 (p. 313, Appendix for Plaintiff-Appellant, Volume 2) which illustrated Petitioners' machines but omitted Petitioners name as the manufacturer, as well as exhibits PX38-39-40B and 41 (pp. 314-317, Appendix for Plaintiff Appellant, Volume 2), which illustrated Petitioners' machines but included the names of Petitioners' sales representatives who also sold Respondent's collar-pressing machines, in support of its charge of improper advertising. The proof showed that subsequent catalogues of Sun Brand PX59 (p. 701, Appendix to Defendants Appellants' Brief, Volume 2) listed Petitioners as the source of manufacture. There was no proof that Petitioners repeated the listing of the sales agents complained of, nor did Respondent offer any proof showing any loss of sales by reason of the advertisements. Petitioners warned their advertising agency against a repetition of the listing DX-CC (p. 726, Appendix to Defendants Appellants' Brief, Volume 2). Respondent was further assured by the sales representatives listed in Petitioners' advertisement that the list was undoubtedly an error and, in any event, the agent would only sell Respondent's machines PX43B (p. 320, Appendix for Plaintiff-Appellant, Volume 2).

The proof also showed that shirt manufacturers, such as, Manhattan Shirt Co., and Cluett, Peabody, who originally purchased Respondent's machines ordered remodeled die assemblies from Petitioners with instructions that they

fit machines purchased from Respondent. DX-AO-AY-BG3-BN1 (pp. 710-713-715-716, Appendix for Defendant-Appellants' Brief, Volume 2). Petitioners used some parts of the old die assemblies and gave the manufacturers credit therefor. It appeared that Respondent refused to remodel the old dies and insisted that manufacturers purchase a completely new assembly.

The proof further established and the Court of Appeals found this to be a fact, that Petitioners at all times had affixed their name plates to the machines and parts. The machines were further identified in their invoices as being of their manufacture. PX69, 86 (pp. 702, 703, Appendix for Defendants-Appellants' Brief, Volume 2). Respondent further conceded in its brief below that since 1952 Petitioners had inserted their initials "S & G" on a number of cast parts used in the die assemblies.[10]

Prior to 1954, Petitioners changed the color of their machines, the pressure arms, and made other structural changes which are enumerated in the majority opinion. (See PX-102 and DX-BD, pp. 360, 379, Appendix for Plaintiff-Appellant, Volume 2.)

10. "The quarter die machines and dies so made and sold during the period commencing February, 1952, to about February, 1953 were all identifical with the plaintiff's machines and dies and were of the form and construction shown in defendants' circular (PX-35; P. 312) and as typified by defendant's machine (PX-62; P. 340), which circular shows and which machine includes the Amco leveling springs for holding the top pressure shoes level with relation to the bed plate. The only departure made by the defendants in these first 1/4 die machines over plaintiff's machine was that the Y or yoke piece cast as a reproduction of the corresponding Amco part for pivotally supporting the top pressure shoes had the cast-in Amco part number 5233-33 replaced by a cast-in part designation, such as S & G-3Y (PX-76; P. 343)."

See also Defendants Exhibits BA, BB2, BJ, showing patterns and markings of "Y" piece, foot pedal, and solid pressure arm; attached to petitioners Petition for a Rehearing and PX-66, page 341; PX-76, page 343; PX-83, page 345; App. Plaintiff-Appellants—Volume 2.

In the Court below and on appeal, Respondent conceded that its customers and the shirt manufacturing trade, had to and did know exactly with whom they were dealing in the purchase of machines and parts.[11] The proof further established that the machines and die asemblies were costly, tested for long periods of time before purchased, and used by a limited number of manufacturers (2000). There was no proof that anyone had been confused in purchasing Petitioners' machines or die assemblies in the belief they were made by Respondent.

The District Court concluded that Respondent's proof as to improper advertising, sale of remodeled dies and copying did not constitute actionable unfair competition. That Court also found that Respondent had not established that its machines and die assemblies had acquired a secondary meaning in the trade and so dismissed this cause of action.

The majority of the Court of Appeals concurred in the finding of the lower Court that Respondent's machines had not acquired a secondary significance, were functional and that the proof was inadequate to establish that the trade purchased Respondent's machines because of the source. The Court nevertheless concluded that although the copying of Respondent's machines and sale of re-

11. Plaintiff-Appellee Brief, page 36

"It is of course of importance for the shirt manufacturer using the plaintiff's machine to know who makes it, because for each collar change there is required a new die assembly (pp. 28-29). Even a slight variation in contour or shape of the collar requires a new die set and there are hundreds of different designs continually changing, on an average of about 3 or 4 changes per year per shirt manufacturer (pp. 83, 84). This means that each shirt manufacturer acquires a stock of die assemblies, and inasmuch as they are interchangeably mounted upon the same machine stand, the manufacturer must logically know and does know the origin of the machine and the dies used on it."

placements for use on Respondent's machines were in themselves permissible, their combination with the "misleading" advertising and few instances of "customer confusion" (found unsupported by the trial court), established a scheme by Petitioners of "fraudulent marketing". This theory for relief was never before urged or advanced by Respondent either in the District Court or in its brief on appeal.

The effect of this conclusion by the majority of the Court, as Chief Judge Clark pointed out in his dissent, was to parlay "a weak and simple patent which has already expired" into "a perpetual monopoly over an area broader than ever was visualized for the patented device itself".

The directive to the District Court for an assessment of damages and profits lost by Respondent is not limited to the expiration date of the patent, but extends beyond it and covers the use of structural parts of the machine long in the public domain.

The directive for the issuance of a permanent injunction restraining the Petitioners "from the continuance of their scheme of fraudulent marketing by advertising and otherwise" again using the language of Chief Judge Clark "seems intended to buttress plaintiff's monopoly further by not discriminating between privileged and non-privileged acts. This result totally blots out all ending of plaintiff's monopoly when its patent ended and is quite upsetting to all patent law."

Petitioners by a Petition for a Rehearing sought a clarification of the Court's mandate both as to the scope and extent of the injunction and the accounting. The Court, with Chief Judge Clark again dissenting, denied the Petition. Respondent has taken courage from this denial and has gone all out in its attempt to eliminate Petitioners as its only competitors in the manufacture

and sale of collar-pressing machines. In its proposed judgment submitted to the District Court, it has included a provision restraining the Petitioners from manufacturing and selling "double point collar forming and pressing machines wherein the table top is rectangularly shaped and or is sloped to an angle of approximately 37 degrees with respect to the horizontal and or wherein the pressure applying means for the die assembly of the machine is in the form of a yoke of generally Y-shaped configuration and or wherein the operating pedals for the machine are of a ribbed design simulating that of the plaintiff's pedals and or wherein the top pressure shoes of the die assembly of the machine are held in leveled position by oppositely projecting leaf-spring members and or wherein auxiliary pressure arms for the ¼ die machines are made in exact simulation of those employed in Respondent's ¼ die machines."

This provision not only restrains Petitioners from using any parts of their machine covered by the expired Voigt patent but also covers other structures of the machine completely outside of the scope of the claims and found by the Court of Appeals to be purely functional in nature.

REASONS FOR GRANTING THE WRIT

The Decision of the Court of Appeals is contrary to the long and well-established principle of law that upon the expiration of a patent, all parts thereof pass into the public domain.

Heretofore it has been the well-established and accepted law in the Federal and State Courts that upon the expiration of a patent, all elements of the product covered thereby, including the design, pass into the public domain. All are free to use them. *Singer Mfg. Co.* v. *June Mfg.*

Co., 163 U. S. 169, 185; *Kellogg Co.* v. *National Biscuit Co.*, 305 U. S. 111 (1938); *Smith, Kline and French Laboratories* v. *Clark & Clark* 157 Fed. 2d, 725, 731 (C.A. 3), cert. denied 329 U. S. 796; *Ronson Art Metal Works, Inc.* v. *Gibson Lighter Co.*, 1st Dept. N. Y., 3 A. D. 227. In the *Kellogg* case this Court granted certiorari to review a similar decision by the Circuit Court of Appeals for the Third Circuit, which after the expiration of a patent and trade-mark, enjoined the manufacture and sale of pillow-shaped biscuits.

This decision by the Court of Appeals if not reviewed will establish a dangerous precedent for other Courts and litigants. Under the guise of unfair competition and absent a showing of palming off, actual confusion or secondary significance, a monopoly can now be extended indefinitely. No longer need litigants found guilty of unfair competition be restrained from the continuance of the specific unfair acts but all forms of competition can now be enjoined.

Another reason for reviewing this decision of the Court of Appeals is because it conflicts with the long and well-established principle of law that only the illegal activities, assuming the few instances of harmless advertising be deemed such, should be enjoined and not the copying of the respondent's machines and die assemblies. *Wm. R. Warner & Co.* v. *Eli Lilly & Co.*, 265 U. S. 526, 532; *Estate Store Co.* v. *Grey & Dudley Co.*, 6 Cir. 41 Fed. 2d 462; *Modern Aids Inc.*, v. *R. H. Macy & Co.*, 2 Cir. Fed. 2d 93, 94.

The men's shirt manufacturing industry although not directly involved in this litigation is nevertheless vitally concerned with the outcome of this suit. For years, the Respondent under the protection of its own patent and those under which it was licensed (Beattie, McAuley and Kaplan) had the double-point collar-pressing machine

business all to itself. Beattie died in 1941 and his successor who purchased the assets from the estate concentrated on other equipment.

After the expiration of the Beattie and McAuley patents in 1950, defendants entered the field and enabled shirt manufacturers to obtain the same type of machinery at lower prices with credits allowed for use of old parts in remodeled die assemblies. The Respondent, however, was disturbed by this attempt to break its monopoly over the trade and this suit followed. Now, although the first Voigt patent has expired and the second Voigt patent has been declared invalid, Respondent has nevertheless received a sanction from the Court of Appeals to indefinitely continued its monopoly over the industry.

Respondent and Petitioners are the only source of supply for this specific type of equipment in the U. S. Respondent will now be in a position to compel manufacturers to pay the prices asked and comply with the conditions imposed.

It is for this Court to determine whether a stranglehold of such a vital industry in this country should be permitted to continue.

CONCLUSION

For each of the above reasons, this Petition for Writ of Certiorari should be granted.

Respectfully submitted,

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October 19, 1959.

APPENDIX A

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

Nos. 16 and 17—October Term, 1958.

(Argued October 9, 1958 Decided June 19, 1959.)

Docket Nos. 24959 and 24960

AMERICAN SAFETY TABLE COMPANY, INC.,
Plaintiff-Appellant-Appellee,

—v.—

JOSEPH SCHREIBER and DAVID GOLDBERG, Individually and as Partners Trading as SCHREIBER & GOLDBERG,
Defendants-Appellees-Appellants.

AMERICAN SAFETY TABLE COMPANY, INC.,
Plaintiff-Appellee,

—v.—

JOSEPH SCHREIBER and DAVID GOLDBERG, Individually and as Partners Trading as SCHREIBER & GOLDBERG,
Defendants-Appellants.

Before:

CLARK, *Chief Judge,*
MEDINA and LUMBARD, *Circuit Judges.*

Cross-appeals in two companion cases, tried together, from parts of judgments of the United States District

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Court for the Southern District of New York, Sidney Sugarman, *Judge*.

American Safety Table Company, Inc. appeals from so much of the judgment in the first case as dismisses its claim for relief based upon alleged unfair competition. Schreiber & Goldberg appeal from the judgments in both cases insofar as they sustain the validity of two patents of American Safety Table Company, Inc., and find infringement thereof by Schreiber & Goldberg. No opinion below. Affirmed in part, reversed in part, and remanded.

LEON ELLSON, Philadelphia, Pa. (Keith, Bolger, Isner & Byrne, New York, N. Y., on the brief), *for plaintiff-appellant-appellee and plaintiff-appellee.*

CHARLES SONNENREICH, New York, N. Y., *for defendants-appellees-appellants and defendants-appellants.*

MEDINA, *Circuit Judge*:

These are cross-appeals in two companion cases involving questions of patent validity and infringement with reference to two of plaintiff's patents and a charge of unfair competition. The cases were tried together, but separate judgments were entered. Both patents were held valid and infringed, plaintiff was awarded counsel fees in the suit on the second patent, under 35 U. S. C. Section 285, and the unfair competition charge was dismissed, but solely on the ground that, in the opinion of the trial judge, plaintiff's machines had not "acquired a secondary significance in the shirt-manufacturing trade and among users of such machines."

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The trial was a long one and we are confronted with a formidable transcript of testimony and many exhibits, but we have not the advantage of an opinion or detailed findings to guide us through the maze of direct and collateral issues; and we would have sent the case back for adequate and specific findings but for the prospect of further inordinate delay.

Since the questions involved are complex we have decided first to set forth a relatively brief chronological description of the development of the controversy between the parties and the background of prior art, and then later to elaborate upon certain groupings of facts as each separate principal issue is discussed and legal principles applied to its solution.

Both plaintiff American Safety Table Company, Inc. (Amco), a Pennsylvania corporation, and defendants, Schreiber & Goldberg, a New York partnership, are engaged in the manufacture and sale of various machines used in the garment industry; both deal in and make collar shaping and pressing machines. These machines are useful in the shirt manufacturing industry, particularly with respect to soft, multi-ply collars at a stage preliminary to sewing them permanently to the neck-bands of the shirts. Both use a process which involves externally confining the edges of the collar point within a recess formed by specially designed dies, positioning the collar point within the external dies by means of a retractable internal die and then applying heat and pressure to the surface of the collar point within the confined area. Both mount their die assemblies on an inclined table and rely on foot-pedal actuation for exerting pressure and inserting the internal die.

The story of the development of these machines dates back to the late 1920's. It is customary in manufacturing

collars to stitch plies of material together with an interliner forming an outer ply and to turn the plies inside out to bring the interliner between the plies. The plies are then moulded and pressed into shape. For a long time these various functions were all performed by hand. It was noticed that these methods not only were time consuming but that they produced undesired results, particularly with respect to the soft collars attached to shirts, in that bulges or lumps formed owing to the large amount of material that had to be turned into the points of the collar. The increased thickness at a collar point is attributable to the bunching of the surplus material at the plies which are necessarily double in number in this region. This bunching gave the collars an undesired convexity which detracted from their intended well-defined shape. Since the collar plays a highly important role in the appearance and saleability of the shirt, this drawback began to attract considerable attention.

Various attempts were made to improve the appearance of the collar points by cutting away the point of the interliner, by trimming the facing plies adjacent to the point, and by distributing the surplus by small hand tools.[1] But the surplus material was seldom uniformly distributed and these clumped points or "knobs" still resulted. Many shirts were accordingly rejected or classified as "seconds" on that account.

One of the earliest mechanical attempts to solve the problem was devised by an inventor named Morris L. Kaplan for a shirt manufacturing company. In 1926 he conceived a device which attempted to eliminate the bulkiness by stretching the collar. This machine had two oppositely movable pointed die blades which respectively

1. See *Beattie Mfg. Co.* v. *Tutelman-Kohn-Marcus, Inc.*, D. Del., 1937, 19 F. Supp. 114, 115.

received the opposite points of the collar; by forcing the blades apart, the collar was stretched. This effort, however, proved completely ineffectual, although a patent (No. 1,619,939) was granted on March 8, 1927. Amco's chief engineer and the inventor of the machines described in the patents now in issue, Max T. Voigt, was shown this device but he manifested little interest in it.

Later in 1927 Kaplan attempted to improve his machine by associating with each of the die blades a spring-pressed pressing die heated by an electric iron attached to its side. This effort also proved impracticable for various reasons, one of which was that it was too slow, for the collar first had to be stretched and then pressed, one point at a time. By April 1931 Kaplan had evolved a double point machine to speed up the process, using spring-pressed cross bars to apply the pressure from above. His internal die was shuttled into a recessed die by means of a carriage actuated by a pedal. Patent No. 1,920,330 was granted on this device on March 21, 1933.

Meanwhile, others were trying to solve the same problem by a variety of different means and devices. On June 21, 1930 Samuel J. McAuley filed application for patents on what proved to be the revolutionary step in the industry. It is he who is credited with being the first to pursue the idea that the application of heat and pressure to a collar within a confined area would distribute the interliner equally throughout the collar. McAuley's machine had a heated bed plate having side walls formed by a matrix plate positioned above the bed. The walls formed a "V" to correspond to the edges of the collar to be shaped. Pressure was exerted by a spring-controlled plunger and was adapted to fit closely the space between the upstanding side walls. The result was not only to press and

smooth the surfaces of the collar but also to impart a definite shape to the edge faces. McAuley's patent No. 1,910,849 was issued on May 23, 1933; but it was a crude beginning and without further development it did not offer any practical solution to the problem confronting the industry.

Shortly after McAuley's discovery, on August 11, 1930, an improvement patent was sought by Walter J. Beattie. Still using a single point machine, he demonstrated the value of an internal die also adopted by Kaplan to position the collar. He used a retractable die blade, which was inserted between the plies of the turned collar. Unlike Kaplan's retractable die the blade apparently remained within the collar in the pressing recess at the time pressure was applied. The internal blade combined with the external continuing walls to give the collars their shape. A carriage arrangement was used to carry the internal die into the recess. While a pedal actuated the pressure, the carriage had to be manipulated by hand to insert the internal die blade into the pressing recess. This patent, No. 1,896,934, was granted February 7, 1933. All serious conflict between the McAuley and Beattie patents was avoided by a cross-licensing agreement. The Beattie Manufacturing Company was created and the Beattie-McAuley machine was first marketed around 1929 or 1930 and, as it had obvious advantages over the old hand method, it was used by many shirt manufacturers and obtained a certain popularity.

Another machine was designed by Edward V. McTague in 1932. It applied pressure and heat by means of cylindrical plates and contained a special recess for the part of the collar containing the extra material. The two cylindrical plates were connected by a link which insured a

parallel relation between the plates at the starting point to facilitate the insertion and removal of the fabric into and out of the pressure area. Pressure was actuated by a foot pedal. It also had a single point internal die and its die assembly was mounted on an inclined table. A patent (No. 1,890,882) was granted on this machine on December 13, 1932; but this machine, for reasons that are obvious upon an examination of the face of the patent, was never in commercial use. Indeed, the only collar forming and pressing machines that became commercially available prior to 1952 were the McAuley-Beattie machines and the Amcos which we shall describe shortly.

In 1931 Kaplan showed Voigt and Amco's president, Louis Frankel, his double point spring-pressed machine and a license agreement was executed contemplating the promotion of Kaplan's invention. Plaintiff then formed a special subsidiary corporation for this purpose called the Automatic Forming Die Corporation. About 100 of the Kaplan machines were manufactured but these had to be withdrawn or scrapped because they failed adequately to accomplish their purpose.

Voigt, despite the failure of the Kaplan machine, and solely for the benefit of Amco, pursued continuing experiments in his effort to produce a machine that would meet the demands of the industry and overcome the defects that already were apparent in the McAuley-Beattie machines. He finally succeeded. Additional pressure was provided by a Y-Yoke, pedal actuated, that was clamped to the pressing shoes. The pressure of the Y-Yoke was directed by shafts and pivots, secured to the shoes by a clevis arrangement. An ingenious double pivot arrangement and clamps or springs to keep the pressing shoes level were found by the Patent Office to constitute patentable improve-

ment over the prior art and, application having been filed on July 19, 1934, the patent No. 2,090,318, the first patent in issue here, was granted on August 17, 1937. The primary bases for Amco's claim of invention lie in the double pivot arrangement, the assembly or bracket of one pivot being anchored on the upper pressure shoes and the assembly or bracket of the other pivot being anchored on the pressure bed, thus harnessing the pressure of the Y Yoke to the entire pressure-area, and a pair of leaf-springs restraining the motion of the upper die away from the lower die or bed plate as "said upper die reciprocates toward and away from said lower die, and, with a limited motion, toward and away from the point of said recess." The significance of these features is that they insure the application of level pressure to the collar points, since the upper and lower dies are first brought into parallel planes by the leaf-springs and then maintained in such relationship during the process of applying pressure by the double pivot setup.

When the first Voigt machine was put out by Amco some time in 1933, through its subsidiary Automatic Forming Die Corporation, the Beattie-McAuley interests, including Cluett, Peabody & Co., immediately sued one of Amco's customers for patent infringement in Delaware and Amco defended the suit. In retrospect it is easy to perceive what the outcome would be. Despite ill-placed reliance on Kaplan as the inventor of the main idea, prior to McAuley, Amco lost the case, and Judge Nields, presiding in the United States District Court of Delaware, held that McAuley and Beattie, not Kaplan, had originated the patentable ideas disclosed in their patents and that the Amco machine infringed. See *Beattie Mfg. Co. v. Tutelman-Kohn-Marcus, Inc., supra*, footnote 1. Once the ques-

tion of who invented the basic idea of the effect of applying heat and pressure in a confined area was out of the way, the infringement by the Amco machine became obvious, as Voigt's invention was merely, and on the face of patent No. 2,090,318, an improvement patent, and as such could not lawfully be used without license from the owners of the prior underlying patents. And so, after another suit had been started in Pennsylvania; Amco, having taken an assignment from Kaplan, composed its differences with the Beattie-McAuley interests; certain moneys were paid over and a royalty licensing agreement was entered into by the terms of which Amco was permitted by the Beattie-McAuley interests to manufacture its new machines. Each of the contracting parties agreed that it would stick to its own distinctive pattern of machine and not impinge upon the distinguishing characteristics of the other's machine. This was of great importance as the two machines differed in appearance and in method of operation. One could not possibly be confused with the other. Doubtless Beattie had confidence in the ability of his relatively slow, single point upright machines; but this confidence was misplaced, as the Amco machines soon spread-eagled the entire industry, except for the few manufacturers who had not replaced their old Beattie machines. The Beattie machine became obsolete. By 1942 "very few" Beattie machines were being sold and since 1951 none at all have been sold. At the time of trial 80% of the nation's shirt manufacturers making 95% of the nation's shirts used Amco machines.

The advantages of the Voigt double point collar-presser over the Beattie single point machine include not only its simplicity and the greater speed made possible thereby, but the manufacture of a more uniform product, in the

words of the patent, "a more rapid and accurate finish." The double point die blades are complementally shaped to receive opposite pointed end portions of the turned collar so that both of the end portions may be pressed simultaneously without reversing them top from bottom as was necessary with the Beattie machine. This means that both sides of the collar receive a uniform sheen from the double point pressing, a result only haphazardly obtained from single point pressing. In addition, the Voigt machine produces a smoother product and its pedal actuated internal die-blade makes it safer to use since it is not necessary for the operator's fingers to come near the heated pressure area.

Schreiber & Goldberg attempt to minimize this overwhelming commercial success of the Amco machine by referring to: the undoubted fact that Amco had no patent on the double point idea, which was evidently in the public domain, and had at least been used by Kaplan in his 1931 device; the fact that no use could have been made of Voigt's machine by Amco without license from the McAuley-Beattie interests; and the lack of competition from other sources. This is the familiar talk of an infringer; and it comes with the less grace from an infringer who has paid the device the most sincere of all compliments by copying it root and branch. We need not labor the point as here it is as plain as a pikestaff that much of this commercial success was brought about by the very improvement over the Beattie-McAuley machine that is the subject of patent No. 2,090,318. We need not fix with precision the exact quantity of success attributable to the patentable as distinguished from the non-patentable features. The plain fact is that the Amco completely superseded the Beattie machine, despite Beattie's expectation to the contrary. We

cannot brush off this commercial success as of little significance. *Goodyear Tire & Rubber Co.* v. *Ray-O-Vac Co.*, 1944, 321 U. S. 275, 279; *Smith* v. *Snow*, 1935, 294 U. S. 1, 7, 14; *Lyon* v. *Bausch & Lomb Optical Co.*, 2 Cir., 1955, 224 F. 2d 530, 534-35, cert. denied, 350 U. S. 911; *Schering Corp.* v. *Gilbert*, 2 Cir., 1946, 153 F. 2d 428, 431-32; *E. I. du Pont de Nemours & Co.* v. *Glidden Co.*, 2 Cir., 1933, 67 F. 2d 392, 394.

Schreiber & Goldberg's first significant contact with Amco occurred in 1936 when they sought an agency to deal in the Amco double point machine. Prior commitments prohibited the granting of such an agency, although Schreiber & Goldberg were allowed to sell to a limited extent on a commission basis between 1936 and 1951. During this time Schreiber & Goldberg were also an exclusive dealer in the competing Beattie machine.

This was the condition of the industry until around the latter part of 1949 when plaintiff first marketed the machine covered by the second patent in suit, also devised by Voigt. This is the "half-die machine" which differed from the "quarter-die machine" theretofore in use in that the die sets were enlarged to press the full half portions of a collar. The method of pressing the collar is substantially the same in the half die as in the quarter-die machines. With the use of the larger dies, however, certain problems or "bugs" were newly encountered or aggravated which Voigt had to solve or remove in order to make its new machine commercially successful. It is the solution to these problems, and not the idea of machine-pressing half of a collar which, Amco claims, constitutes its invention. Some of these solutions, moreover, have been incorporated in the quarter-die machines as well.

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First the enlargement of the die blades made the yoke arrangement for supplying pressure somewhat inadequate. It was observed that toward the ends of the upper die blades effective pressure was not being exerted and that when more heat was applied to compensate for this defect, the top pressure shoes began to warp. Voigt's solution is the use of auxiliary pressure arms extending from the Y-Yoke to the remoter portions of the upper die blades. This permits the application of uniform pressure throughout the pressure area. Amco asserts that the use of auxiliary localized pressure is a novel element.

Secondly, since the table upon which the die assembly is mounted is on a slant, difficulties arose in keeping the collar within the pressure area while and after the internal die blade was retracted. Two methods were devised to meet this development. One is the use of serrations, i.e. tiny grooves or knurls, within the pressure area. The use of these serrations tends to impede the downward slide of the collars and they are frictionally held in place. While the use of serrations is admittedly ancient, their use within the pressure area is claimed to constitute invention. A second solution is the use of spring-pressed detents, or holding pins, projecting through the top pressure shoes to contact and thereby frictionally retain the collar in place.

Finally Amco improved its machine by making the supporting carriage of the internal die-blade adjustable horizontally as well as vertically, thereby permitting greater accuracy in the die blade alignment.

A patent on these features was applied for June 9, 1950 and patent No. 2,619,267 was granted November 25, 1952.

The last of the Beattie-McAuley patents expired in 1950. The Amco patent No. 2,090,318 expired, during the pendency of these two suits, in 1954. In February, 1952

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Schreiber & Goldberg, dissatisfied with their current arrangement with Amco, entered into competition with Amco by constructing and selling double point machines virtually identical in design, color, and appearance with the Amco machines. All the alleged inventions covered by the Amco patents were appropriated. The nature of the copying, the character and timing of the Schreiber & Goldberg advertising and their other allegedly unfair acts will be described below.

In May, 1952 Schreiber & Goldberg added the half-die machine to their list. In June, 1952 Amco advised Schreiber & Goldberg that they were infringing Amco's first patent and engaging in unfair competition. Schreiber & Goldberg denied both charges and continued their dealings in double point collar pressers. Amco retaliated by bringing suit in October, 1952 for infringement of the first patent and for unfair competition. After its second patent was issued in November, 1952, Amco sued in January, 1953 for infringement of that patent.

Although copying all features at first, Schreiber & Goldberg gradually began to make certain changes in their machines. In September, 1952 they began using a bar extending across the upper pressure shoes instead of leaf-springs. In February, 1953 they painted their machines gray instead of dark green and employed a one-piece pressure arm on the half-die machine instead of the multi-piece auxiliary pressure arm of the Amco machine. In September, 1953 they employed a $\frac{5}{8}$ inch bar bolted to the upper die to replace their one piece pressure arm with which they had experienced breakage.

In January, 1954, Schreiber & Goldberg used a triple pivot—a three shaft toggle arrangement—instead of the Amco double pivot. The rear portion of the stand was also

flattened. Schreiber & Goldberg at all times affixed their nameplates to the machines they made and sold.

This in general is a sketch of the issues and background of the suit before us. We shall now analyze the issues in their more specialized settings.

Patent No. 2,090,318 Is Valid

We turn first to patent No. 2,090,318, issued to Voigt on August 17, 1937. Viewed in isolation the idea of using a double pivot or twin shaft to harness a force does not seem particularly imposing. For on the machine itself the pedal is pivoted on an axle, and then again is pivoted on a connecting rod, which in turn is pivoted to the Y Yoke, which then by the double pivot focuses the force or pressure initiated by the depression of the pedal on to the die recess or pressure area. A pivot is simply a means for altering the direction of a force. It is a very common device and no doubt very old. Just one more pivot would not constitute invention.

Similarly the use of leaf-springs or clamps to hold something in place is not an especially novel notion. An ordinary bicycle clamp performs substantially the same function and the use of such a device is also very old.

Schreiber & Goldberg labor heavily to prove these very obvious points. But, although the means of implementation selected by Voigt were simple and perhaps obvious in retrospect, the idea which these devices embody is a horse of a different color. The novelty and essence of Voigt's invention was in conceiving that the application of parallel pressure to a substantial portion of the collar would produce the most effectively pressed and shaped collar. It is only after the event that the very simplicity of this in-

genious contrivance makes it seem simple and obvious. The fact is that several other inventors who conceived an abundance of original thought on the subject of how to press and shape a smooth collar did not think of it. And it is only by an elaborate and detailed study of the alternate ideas suggested by others that an observer can appreciate the merit of Voigt's conception.

Thus the Beattie machine had a single pivot with the result that the pressure applied was partly angular and not completely level. The pressure in the Kaplan device was also partly angular and, being spring-regulated, rather uneven in its application. Moreover, the difficulties encountered in inserting and removing the collar tended to undo any smoothness otherwise secured. McAuley seems to have applied parallel pressure but only to the tip of the point itself. Beattie perceived this defect but did not note the value of the parallel pressure. McTague may have even gone farther although it is by no means clear that he applied parallel pressure. His link arrangement seems to have been intended solely to facilitate the insertion and removal of the collar. A parallel relation between the upper and lower dies is stressed only "at the limit of the separating movement," and not when the pressure is applied. This is corroborated by the provision of a special recess for the surplus material. There is no indication that McTague felt parallel pressure would distribute the interliner evenly throughout the collar. Moreover, even if he did intend to apply level pressure, it could only have been at right angles to the collar center line, while in the Amco machine the pressure is effected in a direction lengthwise of the center-line of the collar. In any event, McTague's machine apparently did not work as evidenced by its lack of commercial exploitation. Another collar pressing ma-

chine, designed by Garry J. Dormandy, patent application for which was filed June 25, 1931, contributed a means for turning the points of collar tops preparatory to the pressing operation, but its pressing apparatus like the McAuley Machine concentrated too extensively on the tip of the point. A mere glance at the complicated machinery of the Dormandy device will suffice to demonstrate that he contributed nothing to the practical solution of the problem that vexed the industry. We have already discussed the significance of the commercial success of the Amco machine, which the facts here show plainly to be due in part to the improvement features disclosed in patent No. 2,090,318. Accordingly, we affirm the decision below upholding the validity of patent No. 2,090,318.

In the last analysis the burden of Schreiber & Goldberg's attack on the first patent for lack of invention comes down to its simplicity. But experience in practically every field of human endeavor has demonstrated that the very simplicity of a new idea is the truest and most reliable indication of novelty and invention, when others have devoted extensive effort and exhausted their resourcefulness in a futile search for the solution of the same vexing problem. *Potts* v. *Creager*, 1895, 155 U. S. 597, 608; *Lyon* v. *Bausch & Lomb Optical Co.*, 2 Cir., 1955, 224 F. 2d 530, 534, cert. denied, 350 U. S. 911; *White* v. *Converse*, 2 Cir., 1927, 20 F. 2d 311, 313, cert. denied, 275 U. S. 547.

Infringement

For the most part Schreiber & Goldberg all but concede infringement of the first patent as, indeed, a mere glance at the rival machines will reveal they must. They urge, however, that the cross-bar across the upper pressure shoes

is not the mechanical equivalent of plaintiff's leaf-springs. That this argument is not tenable is too obvious for comment. The leaf-springs and bar perform the same function—maintaining the upper shoes in place—and they do so in an identical manner. *Graver Tank & Mfg. Co.* v. *Linde Air Products*, 1950, 339 U. S. 605, 607; *Sanitary Refrigerator Co.* v. *Winters*, 1929, 280 U. S. 30, 42; *Priebe & Sons, Inc.* v. *Hunt*, 8 Cir., 1951, 188 F. 2d 880, cert. dismissed, 342 U. S. 801; *Royal Typewriter Co.* v. *Remington Rand*, 2 Cir., 1948, 168 F. 2d 691, cert. denied, 335 U. S. 825; *Musher Foundation, Inc.* v. *Alba Trading Co.*, 2 Cir., 1945, 150 F. 2d 885, cert. denied, 326 U. S. 770. See 3 Walker, Patents §§ 455, 464-80 (Deller's Ed. 1937). While the Schreiber & Goldberg bar sets a fixed limit to the upper movement of the pressure shoes, whereas the Amco springs permit some flexibility, this difference is of no consequence. The net effect of this flexibility is that the springs follow the pressure shoes down when pressure is applied. But any pressure they might thus apply is merely incidental to their prime function as a stay for the pressure shoes. If Schreiber & Goldberg's bar be deemed an improvement, it is irrelevant to the question of infringement. See *Temco Electric Motor Co.* v. *Apco Manufacturing Co.*, 1928, 275 U. S. 319; *Hobbs* v. *Beach*, 1901, 180 U. S. 383, 400; *Foster Metal Products, Inc.* v. *Jacoby-Bender, Inc.*, 1 Cir., 1958, 255 F. 2d 869. The Schreiber & Goldberg bar achieves only this function and no more. In any event, Schreiber & Goldberg clearly rely on the utilization of parallel pressure applied in the identical fashion that Amco does. We affirm the holding below that there was infringement of patent No. 2,090,318.

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Miscellaneous Defenses to Patent No. 2,090,318

Schreiber & Goldberg have raised a number of other miscellaneous defenses to No. 2,090,318, which require a brief discussion solely because the trial judge gave no reasons and made no detailed findings as the basis for his rejection of them all. We find no merit in any of these defenses.

First, it is urged that Kaplan and not Voigt was the real inventor of the Voigt machine. It will suffice to say that the reliance upon a brief quotation from Judge Nield's opinion in the Delaware case, taken out of context, is misplaced. The issue in that case, as above noted, was whether Kaplan or McAuley and Beattie had conceived the basic ideas upon which the patents to McAuley and Beattie had been issued. There was no need to decide, nor is there any indication whatever that Judge Nield intended to decide, any conflict of interest between Kaplan and Voigt. And, even if such an intention could be spelled out of Judge Nield's opinion, it would not be binding upon us. Moreover, we have examined with care the testimony given in the Delaware suit by Voigt and compared it with his testimony in the case now before us and we find no reason to reject or seriously question Voigt's unequivocal assertion that he and not Kaplan invented the machine that is the basis of patent No. 2,090,318.

Next Schreiber & Goldberg would have us hold that Amco lacks proper legal title to the patent, because of the allegedly executory nature of Voigt's transfer to David Frankel, an officer of Amco, who later assigned his interest in the patent to Amco. The contract, dated July 25, 1934, provides:

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> It is agreed between Max T. Voigt and David Frankel that the inventions referred to in U. S. application Serial Nos. 735,975, 735,976 and 735,977 are the property of said Frankel for all countries and Voigt for himself, his heirs, executors, administrators, and assigns, and for a valuable consideration, the receipt of which is acknowledged, agrees to execute any and all papers that may be necessary for patenting said inventions or any of them and for transferring such patents or applications therefor to said Frankel or his nominee.

If this contract does not clearly transfer title to the patent, it is at worst ambiguous. At the trial, Voigt—who was no longer employed by plaintiff—testified that his intent was to transfer title to patent No. 2,090,318. There was, moreover, a standing agreement between Voigt and Amco that all developments made by him while in Amco's employ were to belong to the company. We find no flaw in Amco's title.

Finally, Schreiber & Goldberg contend that Voigt's failure to file a supplemental oath to support the claims ultimately sustained and included in patent No. 2,090,318 voids the patent. In Voigt's original patent application thirteen claims were made broadly dealing with the retractable die blade which were disallowed in view of the Beattie patent. Claim 9 is typical, and does not in terms refer to the double pivot and the leaf-springs. It reads:

> 9. A garment-shaping machine, comprising in combination, a lower die, an upper die pivotally mounted for co-operation with said lower die, and a die plate mounted for reciprocating movement between said upper and lower dies to deposit a garment there-between and for removal from between said dies leaving said garment between said dies.

However, the specifications and diagrams describing the patentable features were clearly shown; and claim 13 reads: "A garment-shaping machine substantially as shown and described." In amending his claims Voigt did not alter either the specifications or the drawings.

Defendants seem to premise their argument on old Rule 48 of the United States Patent Office Rules of Practice in force at the time of Voigt's patent application. Rule 48, identical to the extent quoted to current Rule 67, provided:

> When an applicant presents a claim for matter originally shown or described but not substantially embraced in the statement of invention or claim originally presented, he shall file a supplemental oath to the effect that the subject matter of the proposed amendment was part of his invention. • • •

Many cases, however, have interpreted this Rule to mean that a supplemental oath is not necessary when the amended claims may fairly be derived from the original specifications. *De La Vergne Refrigerating Machine Co.* v. *Featherstone*, 1893, 147 U. S. 209; *Schick Dry Shaver, Inc.* v. *R. H. Macy & Co.*, 2 Cir., 1940, 111 F. 2d 1018; *O. K. Jelks & Son* v. *Tom Huston Peanut Co.*, 5 Cir., 1931, 52 F. 2d 4; *Heller Bros. Co.* v. *Crucible Steel Co.*, 3 Cir., 1924, 297 Fed. 39; *Allied Metal Stamping Co.* v. *Standard Electric Equipment Corp.*, E. D. N. Y., 1932, 57 F. 2d 296. Since the material features were all described in the original application, even though not claimed, there was no necessity for the supplemental oath. This case is not an instance where the amended claim depends on entirely new features undisclosed in the original application. Cf. *Steward* v. *American Lava Company*, 1909, 215 U. S. 161; *Westinghouse Electric & Mfg. Co.* v. *Metropolitan Electric*

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Mfg. Co., 2 Cir., 1923, 290 Fed. 661; *Simpson* v. *Newport News Shipbuilding & Dry Dock Co.*, S. D. N. Y. 1920, 18 F. 2d 318, affirmed, 2 Cir., 1927, 18 F. 2d 325. Moreover, Rule 48 itself, like the present Rule 67, indicates that adequate disclosure in the "statement of invention" (i.e., the specifications) alone is sufficient to avoid the necessity of a supplemental oath. See *Westinghouse Electric & Mfg. Co.* v. *Metropolitan Electric Mfg. Co.*, *supra*, at 664-65.

Patent No. 2,619,267 Is Invalid for Lack of Invention

We turn now to the second phase of this case concerning patent No. 2,619,267 issued to Voigt in 1952. Although Schreiber & Goldberg have raised a number of technical points of little merit, we do not reach these points as we find the patent invalid for lack of patentable invention.

At the outset Amco asks us to view its claim as a "combination patent." It avers that new and useful results are produced which are the product of the combination and not a mere aggregate of separate contributions. However, it does not state what these "new and useful results" are and we think this is due to the fact that there are none attributable to any combination.

All of the alleged novel features do, of course, render feasible the half-die machine. But they do so by solving different and basically unrelated problems. The auxiliary pressure arms supply added pressure where needed. The adjustable carriage facilitates the alignment of the die blades. The detents and the serrations each help retain the collars in place after their insertion in the pressure area. Each, however, is apparently sufficient to do the job itself and while combining these features seems logically possible, such combining is by no means necessary. In

practice Amco generally uses the detents alone on its quarter-die machinery and the serrations alone on its half-die machines. Schreiber & Goldberg do just the reverse. But each commonly rely on only one of these devices frictionally to hold the collars in place. We thus conclude that each of the bases for "invention" claimed by Amco must stand on its own feet.

Amco contends that the novelty inherent in its pressure arms is the use of "auxiliary localized pressure." The three words in quotes are all emphasized to indicate the true uniqueness of this device. On this basis other prior inventions are blithely distinguished. The Beattie patent, No. 1,896,934, which plainly has localized pressure is shown not really to have auxiliary pressure, although the back stop used there could incidentally cause some. The Kaplan and first Voigt patented collar pressers also seem to have auxiliary pressure although of a nature incidental to their cross bar and leaf-springs, which restrain the motion of the upper pressure shoes. Another device, number 1,223,575, patented by M. F. Gaflin in 1915 for marginal folding, which has localized and adjustable pressure at several points is dismissed as not involving auxiliary force and involving a creasing and not a pressing operation. A creasing machine with extending arms, Thomas No. 1,906,499, patented in 1929, is said to apply only primary pressure and for a different purpose. A folding machine, No. 917,272, patented in 1910 by G. W. Smith, which seems to apply supplementary pressure is claimed to do so in a non-cumulative fashion.

We might agree with Amco that its pressure arms are in a limited sense unique as they would almost have to be to meet the demands of this particular machine. But

we cannot agree that this uniqueness is truly novel. Once the idea is accepted that the use of pressure is an element that will help mould and shape collars, it is but a mere extension of this principle to use auxiliary pressure if the primary pressure force is inadequate in a given area. And the idea of applying pressure to localized areas is plainly old. We thus conclude that the auxiliary pressure arms employed by Amco, while a useful expedient, do not rise to the level of invention and we set aside the contrary conclusion of the court below as clearly erroneous.

The claim relating to the adjustable die blade carriage (a split carriage) is sought to be sustained on the ground that the flexibility on the horizontal plane (the ability to move the blade forward and backward) introduced by Amco amounts to "invention." The Kaplan and McTague patents showing a two part carriage for the internal die blade are distinguished as permitting vertical adjustment only (i.e., up and down), while the Beattie patent merely permitted lengthwise adjustment and had no carriage at all. A difference in function is also stressed, whereas the Kaplan machine's vertical adjustment permitted the die blade to be located at the proper height level in relation to the pressure area, the split carriage facilitated the in and out movement of the die blade relative to the recesses into which the collar point was received. Further, the Beattie adjustment was intended to provide adequate working room for the operator and to insure a proper alignment between the internal blade and the walls of the external die without which alignment the machine could not press at all. The essence of the Voigt claim is to permit more or less collar to be pressed as desired and to facilitate the align-

ment between the turning points[2] (if that device is attached to the machine) and the die head.

Viewing this claim of "invention" in the most favorable light, it can readily be perceived that nothing new is involved. Not even Amco asserts that the split carriage is a novel mechanical technique. And the concept of adjusting the internal die blades to a desired spatial location is neither original nor unobvious. That Voigt perceived the utility of added flexibility cannot entitle Amco to the rewards of "invention." Here again we are compelled to reject the contrary conclusion by the court below as clearly erroneous.

It is conceded by all that serrations are an ancient device as is their use in frictionally holding something in place. Their utilization within a pressure area is said to be different, however, and the difficulties of avoiding indentations on the pressed collar are cited to bolster this view. After the internal die blade with the collar on it is inserted in the die recess, light pressure is applied which, combined with the serrations, hold the collar firm while the blade is withdrawn. Then heat and full pressure are applied to shape the collar.

There was some testimony that a Be: tie machine used serrations within a pressure area long before Voigt did, but such testimony was subject to substantial doubt and we do not rely upon it.

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2. Many of the machines used by the industry over the years were equipped with single or double slender metal parts that could be moved together. These are called turning points and, in order to turn the collar inside out preparatory to pressing and moulding, the collar is placed over the lower point, the two points are then brought together, and this facilitates the operation of quickly turning the collar. These turning points have nothing to do with the patents involved in these two cases.

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Whether serrations would cause indentations on the collars pressed is largely a question of observation, not invention. Voigt did not discover any magic means to avoid the unwanted consequences. He simply used very fine or shallow grooves and found they left no scars but were still deep enough to do their job. This no doubt required some experimentation to hit upon an acceptable balance. But again we cannot honor such a development as "invention." Voigt simply demonstrated that a old expedient was useful, and the extent of its usefulness is open to question. He created or devised nothing. We find no invention here and reject the conclusion of the District Court to the contrary as clearly erroneous.

Amco's claim of invention concerning the spring pressed detents or holding pins is again based not on the originality of the device *per se* but rather on their use within the pressure area. The strength of this argument loses much of its vigor when compared with Amco's claim of infringement of a flat spring, used by Schreiber & Goldberg for the same purpose, which does not penetrate the pressure area. If Schreiber & Goldberg's flat springs are the "true equivalent" of Amco's detents—and here we agree with Amco the location of the detents within the pressure area does not assume much significance.

Having thus found that there is no basis upon which the second patent can be sustained, we do not pass upon the questions of estoppel, infringement and prior use and publication.

Unfair Competition by Schreiber & Goldberg

Since the first Voigt patent expired in 1954 and the validity of the second patent cannot be sustained, it be-

comes imperative to consider the charges of unfair competition. Amco claims it has been damaged by the following overt acts of Schreiber & Goldberg: (1) the manufacture and sale of collar pressing machines virtually identical to Amco's without taking reasonable and proper means to distinguish their products; (2) the use of original parts of Amco's machines in machines sold by Schreiber & Goldberg; (3) the employment of deceitful advertising to mislead prospective purchasers as to the identity of Schreiber & Goldberg and their authority to sell the machines; (4) attempts to hire skilled employees of Amco, while Amco was being beset by a strike, to secure confidential "know how" with respect to the Amco machines.

From late 1933 until February 1952 Amco was the sole manufacturer of the "double-point" collar pressing machines heretofore described. This situation existed largely by virtue of its licensing agreement with the McAuley-Beattie interests and partly through the protection afforded by its own patents. During this period—and even to this day—the appearance of Amco's collar pressing machines has remained substantially the same. They have a green-colored four-legged stand with a sloping top of rectangular shape on which the silvery die-assembly is mounted. A switch control unit for electrically heating the pressure area is located toward the upper right-hand corner of the stand. Two internal die blades, retractably movable on a carriage, are aligned with two recessed dies in a side-by-side relationship and both the insertion of the internal die into the recess and the application of the pressure within the recess are actuated by tread-ribbed pedals. Pressure is supplied through a Y-Yoke which by a double-pivoted arrangement causes triangularly-shaped

pressure shoes to exert force on the pressure area. Clamp-like leaf-springs retain the pressure shoes in parallel relationship to the bed plate forming the pressure area.

As above indicated, Schreiber & Goldberg at first tried to secure an agency to sell Amco machines but, because of existing agency contracts, Amco was only able to permit such sales on a limited commission or discount basis. Spasmodic sales were apparently made by Schreiber & Goldberg in this manner as far back as 1936. During the period 1948-1952 the strong customer demand for the Amco collar presser, in preference to the Beattie machine, made this limited commission arrangement quite unsatisfactory from the Schreiber & Goldberg point of view. As a result they decided to make a facsimile of the Amco machine "and take our chances."

Upon entering into competition with Amco in February 1952 (the last of the Beattie patents had expired in 1950), Schreiber & Goldberg copied every one of the features described and did so in minute detail, differing only microscopically if at all. The tables or stands, for example, are almost identical in shape, design, structure and dimension. Thus, the slope of plaintiff's table top is 37 degrees; defendants' table top slopes at 37 degrees, 15 minutes, an insignificant variation when dealing with pressed steel. Castings of Amco serial numbers were used. Schrieber & Goldberg dies are interchangeable with Amco's dies, each being provided with mounting holes spaced to facilitate their ready mounting upon the stand of the Amco machines.

The features and parts copied are, however, all useful. Thus the sloping table, for example, facilitates the observation and control of the operator. The tread-ribbed configuration on the pedals helps avoid any slipping of the foot during the course of operations. The location of the

switch-control unit no doubt facilitates the operator's view while not obstructing the workings of the die assembly. Even the dark green hue selected may serve to minimize the glare as well as enhance the machine's appearance.

On the other hand, Schreiber & Goldberg could have distinguished their machine in a myriad of ways. The table top could have been oval rather than rectangular. A different slope could have been chosen. The Y-Yoke was not the only means available to supply pressure. Other forms and configurations of tread ribs could have been used on the foot pedal. Indeed, Schreiber & Goldberg themselves demonstrated some of the available variations. By 1954 they were employing a retaining bar instead of leaf-springs, a gray-colored stand, a one piece pressure arm and or a ⅝inch bar instead of a multi-piece pressure arm, a three-shaft toggle arrangement, and a flattened rear top portion of the stands. At all times, moreover, Schreiber & Goldberg did affix their name plates in a prominent position on each of the machines.

In some instances, however, machines sold by Schreiber & Goldberg included parts made by Amco, with the result that the names of both Amco and Schreiber & Goldberg appeared on the machines. Further, one of the Schreiber & Goldberg officials admitted that dealers frequently replaced the manufacturer's name plate with their own. But, Schreiber & Goldberg point out, the purchasing public involved herein is limited to the 2000 informed shirt manufacturers of the country. Sales were generally made only after careful consideration. Demonstration and periods of testing prior to purchasing were common. Further, the invoice of sale always included the Schreiber & Goldberg name.

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Amco contends that the unique combination of features it employs taken in conjunction with the fact that for almost twenty years it alone produced such a machine have led to the association by the industry of the machine with Amco. Such an association has been strengthened and nurtured by an extensive advertising and development campaign, and the fact is, as above stated, that 80 per cent of the shirt manufacturers producing about 95 per cent of the country's shirts use the Amco "double point" machines. Moreover, Amco asserts, it has achieved an excellent reputation in the industry for "workmanship, reliability of performance and long trouble-free life." It is the absence of the advertising, development and engineering costs, including those incurred during the period of experimentation leading to the patents, Amco avers, that enable Schreiber & Goldberg to sell its machines for less.

It is charged that the Schreiber & Goldberg advertising has contributed to its scheme of unfair competition. For example, the listing in Schreiber & Goldberg trade journal advertisements, side by side, the name of Amco exclusive agents together with the name of the real Schreiber & Goldberg agent. Four such occurrences are cited, two in 1952, two in May and June of 1954. The claim that such listings were "inadvertent" need not detain us as the earlier errors were known to Schreiber & Goldberg at the time of the later listings. In another advertisement in the Sunbrand Catalogue, put out by the Schreiber & Goldberg southern sales representative, a duplicate of the Amco machine is shown, but nowhere does the Schreiber & Goldberg name appear as manufacturer, except for its all but invisible presence on the nameplate of the machine illustrated.

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Finally, Amco argues that Schreiber & Goldberg copied some of its advertisements as evidenced by similar layout and descriptive language. While there is some resemblance, we think this phase of the evidence is of minor significance. Amco has no monopoly over the descriptive language used. There are a limited number of ways one can describe various features of the machines and it is not surprising that there should be some overlap of description as the machines are identical in construction, design and appearance. See *Standard Paint Co.* v. *Trinidad Asphalt Mfg. Co.*, 1911, 220 U. S. 446; *Joshua Meier Co.* v. *Albany Novelty Mfg. Co.*, 2 Cir., 1956, 236 F. 2d 144; *Viavi Co.* v. *Vimedia Co.*, 8 Cir., 1917, 245 Fed. 289, cert. denied, 246 U. S. 664; *Caswell* v. *Davis*, 1874, 58 N. Y. 223.

Amco also relies upon Schreiber & Goldberg's highly questionable attempt to procure special knowledge and information from its skilled employees in May and June, 1952. At that time the Amco plant in Reading, Pennsylvania, was shut down by a strike and Schreiber & Goldberg advertised for skilled help only in a local Reading newspaper. The uncontradicted testimony of the employees responding to the advertisement indicates a direct effort to elicit confidential information. However, this part of Schreiber & Goldberg's scheme failed to induce a breach of faith by the Amco employees and no harm was done. While not condoning such tactics, we do not believe they have much bearing on the unfair competition phase of the case, except Schreiber & Goldberg's intent deliberately to appropriate and derive a profit from Amco's machines and reputation, which is, in any event, sufficiently evident.

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There is some but not much evidence of actual confusion. In one instance a purchaser of one of Schreiber & Goldberg's machines pointed toward the purchased machine and exclaimed to Amco's president, "This is your machine." In other cases complaints as to defective parts were submitted to Amco, although a Schreiber & Goldberg machine had been purchased. A few other purchasers ordered parts from Amco using Schreiber & Goldberg serial numbers or referring to a trade exhibition in which Amco had not participated. A couple of other manufacturers voiced uncertainty as to who was the producer of advertised or exhibited machines. However, no direct testimony was proffered to indicate that anyone had actually purchased a machine from Schreiber & Goldberg thinking they were buying from Amco. The Amco sales figures for the fiscal years 1952 to 1956 reflect a steady decline in sales from the year ending May 31, 1954 onward; but there was a rise of about 25% in the fiscal year ended May 31, 1953.[3]

Despite this record of wilful and cunningly contrived pirating the District Court found that no unfair competition had been established, because it found that the Amco machines had not acquired a secondary meaning. We have reached a different conclusion.

We pass over the choice of law problem that immediately confronts us as counsel for the respective parties do not discuss it and the same result would appear to follow in this case, whether federal or state law is applicable. See

3. The volume of sales of Amco's double-point collar pressing machines are as follows:

Fiscal Year ending May 31, 1952	$181,895.88
Fiscal Year ending May 31, 1953	227,050.77
Fiscal Year ending May 31, 1954	188,900.08
Fiscal Year ending May 31, 1955	166,828.67
Fiscal Year ending May 31, 1956	153,364.57

Yale Electric Corp. v. *Robertson*, 2 Cir. 1928, 26 F. 2d 972, 973; *Gum, Inc.* v. *Gumakers of America*, 3 Cir., 1942, 136 F. 2d 957, 960; *Continental Casualty Co.* v. *Beardsley*, S. D. N. Y., 1957, 151 F. Supp. 28, 42-43, modified and affirmed, 2 Cir., 1958, 253 F. 2d 702; Note, 60 *Harv. L. Rev.* 1315 (1947). State courts very generally consult the entire body of law in this field, both the decisions of courts and the comments and conclusions arrived at by text-writers of reputation,[4] and there is nothing to be gained in this case, where no conflict is apparent, by unnecessarily rushing in where angels fear to tread. See *Maternally Yours, Inc.* v. *Your Maternity Shop, Inc.*, 2 Cir., 1955, 234 F. 2d 538. Since most cases involve interstate transactions, perhaps some day the much needed federal statute or uniform laws on unfair competition will be passed. Lunsford, *Unfair Competition: Uniform State Act Needed*, 44 *Va. L. Rev.* 583, 584 (1958).

The key that we think will unlock the tightly confined mass of complex issues and at the same time lead to a solution of the problem of how to deal with the scheme so ingeniously devised and so gradually unfolded and carried out by Schreiber & Goldberg is a simple one. Amco has lumped together and failed to discriminate between two quite different phases of the evidence. Were it pos-

4. Thus, the New York courts commonly refer to federal cases. See, e.g., *Pocket Books, Inc.* v. *Meyers*, 1944, 292 N. Y. 58, 54 N. E. 2d 6; *Winifred Warren, Inc.* v. *Turner's Gowns, Ltd.*, 1941, 285 N. Y. 62, 68, 32 N. E. 2d 793; *Germanow* v. *Standard Unbreakable Watch Crystals*, 1940, 283 N. Y. 1, 27 N. E. 2d 212; *Michel Cosmetics, Inc.* v. *Tsirkas*, 1940, 282 N. Y. 195, 26 N. E. 2d 16; *Neva-Wet Corp.* v. *Never Wet Processing Corp.*, 1938, 277 N. Y. 163, 13 N. E. 2d 755; *Eastern Construction Co.* v. *Eastern Engineering Corp.*, 1927, 246 N. Y. 459, 159 N. E. 397; *Fisher* v. *Star Co.*, 1921, 231 N. Y. 414, 132 N. E. 133; *Westcott Chuck Co.* v. *Oneida National Chuck Co.*, 1910, 199 N. Y. 247, 92 N. E. 639.

sible to view in isolation the production and sale of the Schreiber & Goldberg Chinese copies of the Amco machines, the charge of unprivileged imitation might fall of its own weight, except insofar as there was infringement of a valid patent.[5] But so much of the evidence as discloses Schreiber & Goldberg's fraudulent scheme to market its products in such fashion as to poach upon Amco's preserves is actionable,[6] and this evidence, considered together with the copying of every detail of the Amco machines, makes every feature of the whole scheme actionable in its entirety. While both production and marketing at heart deal with confusion as to source, it will be seen that different elements and different policy considerations are involved in each and the distinction between these aspects of the case must be kept in mind if we are to pursue a meaningful analysis. See *Warner & Co.* v. *Lilly & Co.*, 1924, 265 U. S. 526; *Smith, Kline & French Laboratories* v. *Clark & Clark*, 3 Cir., 1946, 157 F. 2d 725, cert. denied, 1946, 329 U. S. 796; *William H. Keller, Inc.* v. *Chicago Pneumatic Tool Co.*, 7 Cir., 1923, 298 Fed. 52, 57, cert. denied, 1924, 265 U. S. 593; *Myles Standish Mfg. Co.* v. *Champion Spark Plug Co.*, 8 Cir., 1922, 282 Fed. 961.

The principles which we think govern the determination of the unfair competition issues in the case now before us, as just stated, can only be effectively and clearly applied in the setting of generally accepted rules of law in this complex and still developing area. We shall, therefore, undertake a brief discussion of these general principles.

5. See Restatement of Torts, Section 741 (1938).
6. See Restatement of Torts, *supra*, Section 712.

Appendix A

In approaching the question of whether Schreiber & Goldberg's copying of the Amco machine is actionable, it must be remembered that the interests and equities of the litigants at bar are not the only ones which must be considered. Indeed, the underlying principles of our competitive economy and the desirability of passing on to the American public the advances of technical progress not only are entitled to consideration, in fact they dominate the picture although the interests of the public are not represented by either of the parties to the action. See 3 *Restatement of Torts*, C. 35, Introductory Note at pp. 537-38 (1938); 69 *Harv. L. Rev.* 392, 393 (1955). Hence at first glance it might seem intolerable that one manufacturer should be allowed to sponge on another by pirating the product of years of invention and development without license or recompense and reap the fruits sown by another. Morally and ethically such practices strike a discordant note. It cuts across the grain of justice to permit an intruder to profit not only by the efforts of another but at his expense as well. See 1 Callmann, *Unfair Competition and Trade-Marks*, pp. 257-58 (2d ed. 1950).

But this initial response to the problem has been curbed in deference to the greater public good. See *Cheney Bros. v. Doris Silk Corp.*, 2 Cir., 1929, 35 F. 2d 279, cert. denied, 281 U. S. 728; *Millinery Creators' Guild, Inc. v. Federal Trade Commission*, 2 Cir., 1940, 109 F. 2d 175, 177, affirmed, 1941, 312 U. S. 469; *J. C. Penney Co. v. H. D. Lee Mercantile Co.*, 8 Cir., 1941, 120 F. 2d 949, 953, 958; *Huston v. Buckeye Bait Corp.*, S. D. Ohio, 1955, 145 F. Supp. 600, 606, affirmed 6 Cir., 1956, 237 F. 2d 920. For imitation is the life blood of competition. It is the unimpeded availability of substantially equivalent units that permits the normal operation of supply and demand to

yield the fair price society must pay for a given commodity. See Chamberlin, *The Theory of Monopolistic Competition*, p. 16 (1956); *Samuelson, Economics*, p. 440 (1955); Stock & Watkins, *Monopoly and Free Enterprise*, p. 13 (1951); Handler, *Cases on Trade Regulation*, pp. 48-49 (2d ed. 1951). Unless such duplication is permitted, competition may be unduly curtailed with the possible resultant development of undesirable monopolistic conditions. The Congress, realizing such possibilities, has therefore confined and limited the rewards of originality to those situations and circumstances comprehended by our patent, copyright, and trade-mark laws. When these statutory frameworks are inapplicable, originality *per se* remains unprotected and often unrewarded.[7] For these reasons and with these limitations the bare imitation of another's product, without more, is permissible.[8] And this is true regardless of the fact that the courts have little sympathy for a wilful imitator.

While the duplication of another's product without more has thus been sanctioned, the courts have been wary about the extent to which the imitator should be permitted to take advantage of the originator's efforts. Hence when, in addition to simulating the originator's product the second-comer unnecessarily created the impression in the minds of the purchasing public that the originator was

7. See *Cheney Bros.* v. *Doris Silk Corp., supra*; *Lewis* v. *Vendome Bags, Inc.*, 2 Cir., 1939, 108 F. 2d 16, cert. denied, 309 U. S. 660; *A. C. Gilbert* v. *Shemi...* 2 Cir., 1930, 45 F. 2d 98, 100; *Germanoze* v. *Standard Unbreakable Watch Crystals, Inc.*, 1940, 283 N. Y. 1, 27 N. E. 2d 212.

8. *Meccano, Ltd.* v. *John Wanamaker*, 2 Cir., 1918, 250 Fed. 450, affirmed, 1920, 253 U. S. 136; *Zanderle & Peterson Co.* v. *Venice Furniture Novelty Mfg. Co.*, 7 Cir., 1943, 133 F. 2d 266; *Remington-Rand, Inc.* v. *Mastercraft Corp.*, 6 Cir., 1933, 67 F. 2d 218; *John H. Rice & Co.* v. *Redlich Mfg. Co.*, 3 Cir., 1915, 202 Fed. 155.

also the source of the simulated product, the courts were quick to decry such "palming off" or "poaching" as an unlawful concomitant of the privileged imitation," and the body of learning called the law of unfair competition thus emerged.[10]

The applicatoin of these simple fundamental principles has often proved to be intricately troublesome. The basic difficulty stems from the fact that by the very process of the simulation which the law permits, there is the almost inseparable suggestion created that the source of the simulated product is the maker of the original product. As in the case at hand, frequently a long period of association has developed between the original product and the original producer. In fact, after a time it becomes difficult to tell whether the purchasers buy primarily because of the virtues of the product or because of confidence in and reliance on the original producer's skill. Unless warned to the contrary, they may easily mistake the simulated product for the original, especially if they are unaware of the existence of the second comer. Such confusion is natural and perhaps, to a degree, an unavoidable result of permissible imitation. See *Grosjean* v. *Panther-Pance Rubber Co.*, D. Mass., 1939, 26 F. Supp. 344, 352, affirmed, 1 Cir., 1940, 113 F. 2d 252.

Since a certain amount of confusion as to source was inherent in the process of imitation, the courts have de-

9. See, e.g., *Howard* v. *Hendriques*, 1851, 3 Sandf. (N. Y.) 725, 727; *Searchlight Gas Co.* v. *Prest-O-Lite Co.*, 7 Cir., 1914, 215 Fed. 692; *Yale & Towne Mfg. Co.* v. *Alder*, 2 Cir., 1907, 154 Fed. 37.

10. Problems relating to the extension and development of this doctrine into areas beyond "passing off" are not within the purview of this case. See, e.g., *International News Service* v. *Associated Press*, 1918, 248 U. S. 215; *Waring* v. *WPAS Broadcasting Station, Inc.*, 193[illegible], 327 Pa. 433, 194 Atl. 631; *Germanow* v. *Standard Unbreakable Watch Crystals, Inc.*, *supra*, 283 N. Y. 1, 27 N. E. 2d 212.

veloped a body of principles by which to determine whether or not the confusion was permissible. The similarities and differences in the products were examined to determine the likelihood of confusion. *Joshua Meier Co.* v. *Albany Novelty Mfg. Co.*, 2 Cir., 1956, 236 F. 2d 144; *Sylvania Electric Products Co.* v. *Dura Electric Lamp Co.*, 3 Cir., 1957, 247 F. 2d 730; *Sinko* v. *Snow-Craggs Corp.*, 7 Cir., 1939, 105 F. 2d 450; *Flint* v. *Oleet Jewelry Mfg. Co.*, S. D. N. Y., 955, 133 F. Supp 459. The necessity and the utility of the copying were studied to ascertain whether the interest of the public or that of the originator was paramount. Compare *Yale & Towne Mfg. Co.* v. *Alder*, *supra*, 2 Cir., 154 Fed. 37; *Rushmore* v. *Badger Brass Co.*, 2 Cir., 1912, 198 Fed. 379; *American Chain Co.* v. *Carr Chain Works*, Sup. Ct., 1931, 141 Misc. 303, 252 N. Y. Supp. 860; with *Sylvania Electric Products Co.* v. *Dura Electric Lamp Co.*, *supra*, 3 Cir., 247 F. 2d 730; *Vaughan Novelty Mfg. Co.* v. *G. G. Greene Mfg. Corp.*, 3 Cir., 1953, 202 F. 2d 172, cert. denied, 346 U. S. 820; *James Heddon's Sons* v. *Millsite Steel & Wire Works, Inc.*, 6 Cir., 1942, 128 F. 2d 6, cert. denied, 317 U. S. 674. Of course, the fundamental need for the association between the originator and his product had to be demonstrated before any discussion of confusion could even start. *Crescent Tool* v. *Kilborn & Bishop Co.*, 2 Cir., 1917, 247 Fed. 299; *American Fork & Hoe Co.* v. *Stampit Corp.*, 6 Cir., 1942, 125 F. 2d 472; *Avon Periodicals* v. *Ziff-Davis Pub. Co.*, Sup. Ct. 1952, 113 N. Y. S. 2d 737, affirmed, 1st Dep't, 1953, 282 App. Div. 200, 122 N. Y. S. 2d 92; and the fact that the public even cared who was the source was not taken for granted. See *Kellogg Co.* v. *National Biscuit Co.*, 1938, 305 U. S. 111; *Charles D. Briddell, Inc.* v. *Alglobe Trading Corp.*, 2 Cir.,

1952, 194 F. 2d 416; *General Time Instruments Corp. v. U. S. Time Corp.*, 2 Cir., 1948, 165 F. 2d 853, cert. denied, 334 U. S. 846; *Selchow & Register Co. v. Western Printing & Lithographing Co.*, 7 Cir., 1944, 142 F. 2d 707, cert. denied, 323 U. S. 735. Thus, the crucial distinction evolved: it was permissible for the purchasers to be confused between products; but any unnecessary confusion as to source would not be condoned. *West Point Mfg. Co. v. Detroit Stamping Co.*, 6 Cir., 1955, 222 F. 2d 581, cert. denied, 350 U. S. 840.

In this perspective we turn to the facts at bar. We have no difficulty in perceiving that the industry of shirt manufacturers had come to associate with Amco the peculiar collocation of features—design, color, shape, size and appearance—assembled in the Amco machines and unchallenged for almost two decades. Indeed, the evidence clearly shows that there was no other machine in the entire garment industry resembling it.

It is not clear, however, that the shirt manufacturers bought Amco double point collar pressers primarily or even in substantial part because they were made by Amco, rather than because they liked the machine. This is probably the basis for the finding by the trial judge that the Amco machines had not "acquired a secondary significance," which he erroneously thought disposed of the unfair competition phase of the case.

It is true that Amco's machines had built up a reputation for dependability and long life and hence the fact that Amco and not someone else manufactured them might have been influential in the decision of a manufacturer to make the substantial capital investment necessary in the purchase of the machines. However, since there was no

one else during this period making a machine similar to Amco's such a hypothesis is difficult to verify, especially as it was not common practice to purchase such a machine without considerable testing. Of course, though Schreiber & Goldberg in the course of time offered their machines in competition with Amco's at lower prices, the greater portion of the industry has as yet remained with Amco, although admittedly there has been a substantial diversion of trade. However, the reasons for such decisions to purchase one or another of the competing machines are probably many and complex and the proofs that we have summarized are inconclusive at best.

Also important to the unfair competition issue are the questions, argued at some length in the briefs, whether the features of the Amco machines copied by Schreiber & Goldberg are actionably confusing. In part this involves the problem of whether the copied features were functional or "devised to give individuality and a distinctive appearance." At bottom the more the imitator copies mere arbitrary, ornamental or decorative gadgets that give the machine its characteristic appearance, as contrasted with functional features that make it more useful in the performance of its intended purpose, the more the imitator treads upon forbidden ground. See *Mastercraffers Clock and Radio Co.* v. *Vacheron*, 2 Cir., 1955, 221 F. 2d 464, cert. denied, 350 U. S. 832; *Enterprise Manufacturing Co.* v. *Landers, Frary & Clark*, 2 Cir., 1904, 131 Fed. 240; *Wesson* v. *Galef*, S. D. N. Y., 1922, 286 Fed. 621; *Avon Periodicals* v. *Ziff-Davis Pub. Co.*, *supra*, Sup. Ct. 1952, 113 N. Y. S. 2d 737, affirmed, 1 Dep't, 1953, 282 App. Div. 200, 122 N. Y. S. 2d 92. On the other hand, we are mindful of the fact that where the person making the charge of unfair competition has enjoyed the benefits of patent pro-

tection, the courts have repeatedly taken a broad view of the extent of the contribution to the public domain. See *Singer Mfg. Co.* v. *June Mfg. Co.*, 1896, 163 U. S. 169; *Kellogg Co.* v. *National Biscuit Co.*, 1938, 305 U. S. 111; *Rice-Stix Dry Goods Co.* v. *J. A. Scriven Co.*, 8 Cir., 1908, 165 Fed. 639, cert. denied, 1909, 212 U. S. 582; *G. & C. Merriam Co.* v. *Ogilvie*, 1 Cir., 1908, 159 Fed. 638, 640, cert. denied, 209 U. S. 551; *Lenox, Inc.* v. *Jones, McDuffee & Stratton Corp., D. Mass.*, 1921, 271 Fed. 511.

We have already observed that each of the various component parts that tend to give the Amco machines the appearance that has helped to identify them with manufacturers serve some useful purpose.[11] At the same time there is no denying the fact that none of the simple and readily available methods by which the Schreiber & Goldberg machines could have been distinguished from the Amcos was used, except the affixation of their nameplates. But all that is required is that the means of distinction employed be reasonable under the circumstances, bearing in mind, *inter alia*, the interest of the public in the advances of technical progress and economic competition, the degree of similarity in the rival products, the alternate means of production available, the nature and cost of the product, the type of customers generally involved, and the negotiations and care usually employed prior to making a purchase. See *J. C. Penney Co.* v. *H. D. Lee*

11. Moreover, as long as the source is properly identified, there is nothing wrong in defendants' manufacture of parts interchangeable with plaintiff's. *Electric Auto-Lite Co.* v. *P. & D. Mfg. Co.*, 2 Cir., 1935, 78 F. 2d 700, cert. denied, 296 U. S. 648; *Myles Standish Mfg. Co.* v. *Champion Spark Plug Co.*, 8 Cir., 1922, 282 Fed. 961; *Deering Harvester Co.* v. *Whitman & Barnes Mfg. Co.*, 6 Cir., 1898, 91 Fed. 376; *Harvey Hubbell, Inc.* v. *General Electric Co.*, S. D. N. Y., 1919, 262 Fed. 155.

Mercantile Co., supra, 8 Cir., 1941, 120 F. 2d 949; *Swank, Inc.* v. *Anson, Inc.*, D. R. I., 1951, 104 F. Supp. 703, affirmed, 1 Cir., 1952, 196 F. 2d 330; *Pocket Books, Inc.* v. *Meyers*, 1944, 292 N. Y. 58, 54 N. E. 2d 6. There is no hard and fast rule as to what is a "reasonable" means of distinction; and we are not called upon to decide whether or not the affixation of the nameplates of Schreiber & Goldberg would have been deemed sufficient in view of the ambiguous use of nameplates in the industry, were we dealing solely with production, i.e., with the copying alone. *Landis Machinery Co.* v. *Chase Tool Co.*, 6 Cir., 1944, 141 F. 2d 800, cert. denied, 323 U. S. 720; *Harvey Hubbell, Inc.* v. *General Electric Co.*, S. D. N. Y., 1919, 262 Fed. 155; *Eastern Construction Co.* v. *Eastern Engineering Co.*, 1927, 246 N. Y. 459, 157 N. E. 397, with *American Chicle Co.* v. *Topps Chewing Gum, Inc.*, 2 Cir., 1953, 208 F. 2d 560; *J. C. Penney Co.* v. *H. D. Lee Mercantile Co., supra*, 8 Cir., 120 F. 2d 949; *Brinkman* v. *Laurette Mfg. Co.*, D. N. J., 1927, 21 F. 2d 607. Here, as hereinafter set forth, Schreiber & Goldberg resorted to fraudulent marketing and the case must be viewed as a whole. Thus viewed we have no alternative other than to connect the production and the marketing. Indeed, they cannot be separated; the fraud and wilful deception of Schreiber & Goldberg as to both production and marketing of the machines is manifest. Had a finding to the contrary been made we would be required to set it aside as clearly erroneous.

Although we have not concluded that at the production level the mere simulation of plaintiff's machine was actionable under the conditions of our competitive economy, the high degree of similarity between the litigants' machines is still a material factor in evaluating the second part of

Appendix A

Amco's claim of unfair competition, that dealing with defendants' alleged fraudulent marketing. See *Singer Mfg. Co.* v. *June Mfg. Co., supra*, 163 U. S. 169; *Rice-Stix Dry Goods Co.* v. *J. A. Scriven Co., supra*, 8 Cir., 165 F. 639, 647; *Ronson Art Metal Works, Inc.* v. *Gibson Lighter Mfg. Co.*, 1st Dep't, 1952, 3 A. D. 2d 227, 159, N. Y. S. 2d 606. For Schreiber & Goldberg, even though the possibilities of confusion as to source attributable to its copying Amco's machine were to be tolerated, are certainly under a duty not to aggravate the potentalities for confusion by questionable marketing techniques. See *Singer Mfg. Co.* v. *June Mfg. Co., supra; Nomia Lites, Inc.* v. *Lawn Spray, Inc.*, 2 Cir., 1955, 222 F. 2d 716; *Ralston Purina Co.* v. *Saniwax Paper Co.*, W. D. Mich., 1928, 26 F. 2d 941; *Charles S. Cash, Inc.* v. *Steinbook*, 1 Dep't, 1927, 220 App. Div. 569, 222 N. Y. Supp. 61, affirmed, 1928, 247 N. Y. 531, 161 N. E. 170. In our view of the controversy, Schreiber & Goldberg have been guilty of grossly violating this duty.

Schreiber & Goldberg did not restrict their activities to the making of Chinese copies of the Amco machines. They had an uphill sales battle on their hands. For almost twenty years prior to 1952 Amco had been unchallenged in the manufacture and distribution of these machines; it was well known in the field, entrenched behind a good reputation and a strong marketing system. Schreiber & Goldberg were not content to rely upon price savings alone to offset Amco's goodwill and experience and the fear of infringing Amco's patents. What they resolved to do, and what they did with great cunning, was to make use of Amco's goodwill without authorization, and thus gradually slip their machines into circulation. This was easier than to fight Amco in the open. If steps could

be taken to create the impression that while in business for themselves they were authorized to make and sell Amco machines, this impression would be confirmed by the identity of the machines in appearance and would not be negated by the affixation of the Schreiber & Goldberg nameplate in view of the common practice of dealers to affix their own nameplates.

This scheme and some indication of its apparent success is amply borne out by the evidence. The trade journal advertisements including Schreiber & Goldberg's sales agent along with well-known exclusive agents of Amco could only be intended to suggest some authorized relationship with Amco. The omission of the Schreiber & Goldberg name in the Sunbrand Catalogue displaying a machine long associated with Amco points strongly to an attempt to suggest a bona fide relationship between Schreiber & Goldberg's sales agent and Amco. The use of parts made by Amco in Schreiber & Goldberg's machines and the absolute interchangeability of all parts further strengthened this illusory implication. On the other hand, if some purchasers did not even realize that Schreiber & Goldberg were manufacturing Amco machines, Schreiber & Goldberg were not adverse to benefiting from this misapprehension as well.

The resultant confusion which did in fact occur also supports our conclusion of a campaign of deliberately contrived misrepresentation. It is a fair inference that this is the reason purchasers of Schreiber & Goldberg machines complained to Amco; and prospective purchasers of parts used Schreiber & Goldberg serial numbers. They appeared to be all of the same family. Otherwise, why should a customer tell Amco's president that a machine it bought from

Schreiber & Goldberg was Amco's? We find it unnecessary to catalogue the other evidence in this record of fraudulent marketing by Schreiber & Goldberg, straws which show the direction from which the wind is blowing. There is no overriding social policy that would serve to justify fraudulent marketing. Such sharp practice serves no desirable objective whatever.[12] Thus there is no need to be detained by questions concerning the establishment of a secondary meaning. It is not necessary that the source be the primary motivation for purchase. In fact, we are content on this point to accept the forecast of Schreiber & Goldberg that the confusion as to source would be as important as they intended it to be. See *Wesson* v. *Galef*, S. D. N. Y., 1922, 286 Fed. 621, 625. Nor are we, in view of the deliberate plan to poach unjustifiably on Amco's goodwill, disposed to debate in detail the probabilities of confusion. Cf. *Mastercrafters Clock and Radio Co.* v. *Vacheron*, *supra*, 2 Cir., 221 F. 2d 464, cert. denied, 350 U. S. 832.

In summary then, we find the following undisputed facts sufficient to establish as a matter of law a deliberately contrived scheme of fraudulent marketing existing at least during the first two years of Schreiber & Goldberg's Amco operations: (1) simulation of machines to the last detail, including castings of Amco serial numbers, when numerous distinguishing alternatives existed; (2) the use of Amco parts in machines marketed by Schreiber & Goldberg; (3) several instances of misleading advertising; (4) several instances of customer confusion in making complaints, seeking replacements, and requesting repairs.

12. See *J. C. Penney Co.* v. *D. H. Lee Mercantile Co.*, *supra*, 8 Cir., 120 F. 2d 949; *Sperry & Hutchinson Co.* v. *Mechanics Clothing Co.*, D. R. I., 1904, 128 Fed. 800; 1 Nims, *Unfair Competition and Trademarks*, p. 29 (4th Ed. 1947).

The net result is that the fraudulent scheme as a whole must be condemned. Because joined with improper and deceitful marketing methods the making of the Chinese copies becomes unlawful, in the absence of the taking of reasonable and proper steps by Schreiber & Goldberg to distinguish their machines from the Amcos.

The judgment in the second action holding Amco patent No. 2,619,267 valid and infringed and allowing a counsel fee is reversed and the complaint dismissed, with costs to Schreiber & Goldberg.

The judgment in the first action is affirmed insofar as it holds Amco patent No. 2,090,318 valid and infringed and directs an accounting but reversed insofar as it dismissed the claim of unfair competition and the case is remanded for the following further proceedings: (1) in connection with the accounting to ascertain the damages sustained by Amco by reason of the infringement of its patent No. 2,090,318, there shall be an assessment of the damages sustained and profits lost by Amco by reason of the fraudulent practices described in this opinion[13] up to the time of discontinuance of such practices, if same were discontinued after 1954; (2) there shall be formulated and made effective an injunction permanently restraining Schreiber & Goldberg from the continuance of their scheme of fraudulent marketing, by advertising and otherwise, and ordering Schreiber & Goldberg to adopt reason-

13. See *Hamilton Shoe Co.* v. *Wolf Brothers*, 1916, 240 U. S. 263; *Pastificio Spiga Societa Per Azioni* v. *De Martini Macaroni Co.*, 2 Cir., 1952, 200 F. 2d 325; *Dad's Root Beer Co.* v. *Doc's Beverages, Inc.*, 2 Cir., 1951, 193 F. 2d 77; *Coca-Cola Co.* v. *Dixi-Cola Laboratories*, 4 Cir., 1946, 155 F. 2d 59, cert. denied, 329 U. S. 773; *Winifred Warren, Inc.* v. *Turner's Gowns, Ltd.*, 1941, 285 N. Y. 62, 32 N. E. 2d 793; *Platinum Products Corp.* v. *Berthold*, 1939, 280 N. Y. 752, 21 N. E. 2d 520; *Westcott Chuck Co.* v. *Oneida N. Chuck Co.*, 1910, 199 N. Y. 247, 92 N. E. 639.

able means to distinguish their machines from the Amcos;[14] and (3) for reconsideration of that part of the judgment as denies any counsel fee to Amco's attorneys,[15] and for the fixing of the amount thereof in case such fee is allowed, in place of the counsel fee included in the judgment in the second case, which we have reversed. On the appeal in the first case we grant costs to Amco.

Affirmed in part; reversed in part; and remanded.

CLARK, *Chief Judge* (dissenting):

The wealth of detail in the opinion, coupled with its sophisticated employment of such emotive words as "poach," "deceitful," "fraudulent," and "cunningly contrived pirating," without orientation in specific findings, serves to mask the essentially revolutionary character of this decision. For what is happening is that a weak and simple patent, which has already expired, is being parlayed into a perpetual monopoly over an area broader than ever was visualized for the patented device itself. I realize that a dissenting judge should exercise appropriate restraint in stating conclusions which his brothers have rejected; even so I have to say that the broad and devastating result here achieved seems to me quite unique in its

14. Although we have held the simulation of the machines *per se* privileged, the fraudulent marketing practices justify the requirement of reasonable distinguishing features for the future. See *Warner & Co.* v. *Lilly & Co.*, 1924, 265 U. S. 526; *Sperry & Hutchinson Co.* v. *Mechanics' Clothing Co.*, D. R. I., 1904, 128 Fed. 800.

15. 35 U. S. C. §285 provides that under the Patent Act: "The court in exceptional cases may award reasonable attorney fees to the prevailing party."

variance from the record and the parties' claims thereto. The all-but wholly-obscured truth is that the well known concept of unfair competition is being employed to fashion and shelter a monopoly where, as the record pretty thoroughly demonstrates, the ideas are public and their use is to be encouraged.

The patent here upheld—Voigt No. 2,090,318, issued in 1937—is very weak indeed. Voigt's first application in 1934 contained thirteen claims dealing generally with the pressing machine and primarily with the retractable feature of the thin metal part used to position the collar point between the pressing dies.[1] All of these claims were rejected by the examiner primarily on the basis of the Beattie and McAuley contributions to the prior art. Thereafter Voigt presented for the first time his ultimately successful claims relating to the double-pivot arrangement by which the pressure on the foot pedal is transmitted to the press. In fact the plaintiff regarded this patent so lightly that it did not even bother to list it on its machines while the McAuley-Beattie patents, under which it had a license, were in force. It took pains, however, to list these earlier patents most carefully—a significant demonstration as to

1. Thus see the second paragraph of the patent:

"An important feature of my device is the provision of a reciprocating die plate, which is adapted to be located within the plies of the material which form the garment, and which serves to carry the garment into the dies in which pressure is applied to the garment and to be removed before the pressure is applied to the exterior of the garment. In the die plate, I have provided means for gently but firmly locating the garment in accurate position within the dies, this means being withdrawn from the dies before the pressure is applied to the garment. It is thus possible to secure a more rapid and accurate finish of the garments operated on than in the devices of the prior art."

where in its view (and mine, too) invention really lay. The double-pivot arrangement which the patent covers is hardly novel in itself. It is a simple and common adaptation of the lever—the oldest known mechanical device—with one pivot serving as a fulcrum, and the other merely as a flexible connection to the pressing die. The device is not dissimilar to the use of the lever in any of its multifold uses in everyday life. Moreover, precisely the same arrangement of pivot points was similarly utilized earlier by McAuley in his collar pressing machine. And the leaf spring, which is claimed in some uncertain manner as part of the patented device, is just that—a common leaf spring.

Conceding all this the majority finds novelty in the "essence of Voigt's invention," which "was in conceiving that the application of parallel pressure to a substantial portion of the collar would produce the most effectively pressed and shaped collar." The opinion further suggests that this discovery solved a problem which had vexed many other craftsmen in the art and that the commercial success of the plaintiff's collar pressing machines is in some indefinite way attributable to it. But this will not do. For the patent utterly fails to disclose or even to claim this "novelty," and hence cannot be upheld on the basis of it. 35 U. S. C. §112; *General Electric Co.* v. *Wabash Appliance Corp.*, 304 U. S. 364, 369. Moreover, if "parallel pressure" is indeed the essence of plaintiff's invention, it is difficult to understand why the leaf spring is included in the patented device. As plaintiff itself stresses in its brief: "in the *Amco* patented construction the actual pressing pressure was effected only by the foot-pedal-operated yoke to which the upper shoes were pivotally connected; and (3) that the *Amco* leveling

springs *had nothing to do with applying pressing pressure.*" (Emphasis in original.)[2]

Most important, however, is the fact that the court's elevation of "parallel pressure" is without any lower court findings and is not supported by any evidence at all. If by that term my brothers mean that the pressing surfaces of the upper and lower dies are parallel when the pressure is being applied, which is all that the record shows,[3] there is no evidence that Voigt considered this feature the "essence" of his invention. Nowhere in his long and detailed testimony at the trial was there any reference to a peculiar "parallel pressure"; the references were only to normal and well understood pressures. In the McAuley, the Beattie, and the second Kaplan machines, which all predate Voigt's efforts, the pressing surfaces are roughly parallel to each other when pressing the collar. While the dies in Voigt's device may be more precisely parallel

2. Concerning this same spring the majority's dismissal of the prior McTague device is also odd. McTague, my brothers say, did not anticipate Voigt because: "His link arrangement seems to have been intended solely to facilitate the insertion and removal of the collar. A parallel relation between the upper and lower dies is stressed only 'at the limit of the separating movement,' and not when the pressure is applied." But this language could not more accurately describe the differences between the Voigt leaf spring and the defendants' cross bar which, the court holds, infringes plaintiff's patent. Patentees in this court have not always so easily slipped by the Scylla of anticipation and the Charybdis of noninfringement. See *Zoomar, Inc.* v. *Paillard Products*, 2 Cir., 258 F. 2d 527, certiorari denied 358 U. S. 908.

3. The court's statement that "in the Amco machine the pressure is effected in a direction lengthwise of the center line of the collar" is incorrect and without support in the record. Plaintiff's machine merely presses down on the collar in a direction perpendicular to its surface in the ordinary manner followed by McAuley, Beattie, and McTague in their machines. The only machines in evidence which applied pressure in the described direction were the two Kaplan devices—both prior to Voigt's and both unsuccessful.

than those in Beattie's or Kaplan's (but not McAuley's), there is no hint in the record that this minor difference improves even slightly the pressing of the collar or the efficiency of the machine. Additionally, my brothers' suggestion that Voigt's development of "parallel pressure" solved a long existing and vexing industry problem is quite without support. There is no evidence of any problem which was solved by Voigt's arrangement of two pivots and a spring. From the court's own opinion, it appears that Beattie realized his pressing dies were not precisely parallel throughout the pressing operation, but thought nothing of it, and that McAuley and McTague did utilize "parallel pressure" in their machines and did not consider it of any significance. What manner of well known problem could this have been?

Concerning the plaintiff's commercial success on which my brothers so heavily rely, they declare: "We need not fix with precision the exact quantity of success attributable to the patentable as distinguished from the non-patentable features." But commercial success—at best a makeweight relevant only in the closest of cases, *Jungersen* v. *Ostby & Barton Co.*, 335 U. S. 560, affirming *Jungersen* v. *Baden*, 2 Cir., 166 F. 2d 807—up to this time has been wholly ignored where it is not clearly attributable to the patented features of the successful product. *Welsh Mfg. Co.* v. *Sunware Products Co.*, 2 Cir., 236 F. 2d 225, 227; *Wilson Athletic Goods Mfg. Co.* v. *Kennedy Sporting Goods Mfg. Co.*, 2 Cir., 233 F. 2d 280, 283-284. Here, moreover, plaintiff's commercial success is quite clearly not due to the Voigt patent. It will be recalled that, due to the protection of the McAuley-Beattie patent umbrella, Amco's only significant competitor was the Beattie machine. Of the two, the plaintiff's machine had the greater speed, pro-

duced a more uniform product, and was safer to operate; and the highly knowledgeable purchasers of such machines quickly recognized its advantages.[4] But all these advantages over the Beattie collar-former are attributable entirely to earlier invention and specifically to other features of the plaintiff's machine than those covered by Voigt's patent.[5] It needs reiterating that on the plaintiff's complex and precisely engineered piece of machinery the patent in suit covered only two simple pivots and an irrelevant spring, and these parts performed only limited functions. The pivots transmitted to the collar press the

4. The court's own statement is:

"The advantages of the Voigt [Amco] double point collar-presser over the Beattie single point machine include not only its simplicity and the greater speed made possible thereby, but the manufacture of a more uniform product, in the words of the patent, 'a more rapid and accurate finish.' The double point die blades are complementally shaped to receive opposite pointed end portions of the turned collar so that both of the end portions may be pressed simultaneously without reversing them top from bottom as was necessary with the Beattie machine. This means that both sides of the collar receive a uniform sheen from the double point pressing, a result only haphazardly obtained from single point pressing. In addition, the Voigt [Amco] machine produces a smoother product and its pedal actuated internal die-blade makes it safer to use since it is not necessary for the operator's fingers to come near the heated pressure area."

5. Note that the features specifically mentioned by the majority, note 4 *supra*, are all outside the Voigt patent—the foot pedal operation of the die blade and the die blade's double pointed shape. The evidence adduced below strongly suggests that this latter feature, concededly in the public domain, was the most significant single factor in Amco's commercial success. Not only did the double-point construction produce a more uniform sheen as the majority states, but it greatly increased the speed of the pressing operation; two collar points could be pressed at the same time on the double pointed blade (the Beattie machine pressed only one at a time), and the movements required to fit the collars on the blades were simpler with a double pointed blade.

pressure of the operator's foot on the treadle; and the leaf spring facilitated the removal of the pressed collar from the pressing recess by holding the pointed end of the upper pressing die away from the surface of the collar when the upper die was raised, thus fully opening the press. There is no evidence of any significant difference in the Beattie machine's performance of these simple functions. The pressing pressure seems to have been equally adequate to press the collars. And Beattie's foot-pedal arrangement worked equally well in fully opening the press, so that the pressed collars could be removed with equal facility. In short, the commercial success of the plaintiff's collar pressing machine was not caused by Voigt's patented mechanism; and this "novel" mechanism is in fact as simple and common as it first seems. We have not been in the habit of treating such gadgets so favorably heretofore. For a recent example of our settled approach, see *Savoy Leather Mfg. Corp.* v. *Standard Brief Case Co.*, 261 F. 2d 136.[6]

On the other branch of the case, the court's reversal of the decision below to hold that the defendants have engaged in unfair competition is even more novel and trouble-

6. Other examples could of course be multiplied; their character is sufficiently indicated by *Jungersen* v. *Ostby & Barton Co.*, 335 U. S. 560, affirming *Jungerson* v. *Baden*, 2 Cir., 166 F. 2d 807; *Great Atlantic & Pac. Tea Co.* v. *Supermarket Equipment Corp.*, 340 U. S. 147; *Bostitch, Inc.* v. *Precision Staple Corp.*, 2 Cir., 178 F. 2d 332; *Lenox* v. *Landers*, 2 Cir., 188 F. 2d 744; *Kleinman* v. *Kobler*, 2 Cir., 230 F. 2d 913, certiorari denied 352 U. S. 830; *Welsh Mfg. Co.* v. *Sunware Products Co.*, 2 Cir., 236 F. 2d 225; *Magnus Harmonica Corp.* v. *Lapin Products*, 2 Cir., 236 F. 2d 285; *Zoomar, Inc.* v. *Paillard Products, Inc.*, 2 Cir., 258 F. 2d 527, certiorari denied 358 U. S. 908; *Savoy Leather Mfg. Corp.* v. *Standard Brief Case Co.*, 2 Cir., 261 F. 2d 136; *Surgitube Products Corp.* v. *Scholl Mfg. Co.*, 2 Cir., 262 F. 2d 824. The few old cases cited in the opinion to this point are not apposite.

some. "Fraudulent marketing," as the court here defines it—or rather declines to define it—seems to amount to no more and no less than the defendants' unquestionably privilged copying of plaintiff's machine. Although the court declares that "Problems relating to the extension and development of ["the law of unfair competition"] into areas beyond 'passing off' are not within the purview of this case," as the plaintiff itself concedes,[7] this case is not by the wildest stretch of the imagination one of "passing off." There is no evidence that any or all of defendants' so-called fraudulent practices created the slightest likelihood that a purchaser would be misled into buying defendants' machine while intending to buy the plaintiff's; and I do not understand the court to hold clearly erroneous the trial court's finding that plaintiff's machine had not acquired a secondary meaning. Indeed, the court's opinion seems to hold all these matters irrelevant. It states that "It is not necessary that the source [of plaintiff's products] be the primary motivation for purchase," and that it is not "disposed to debate in detail the probabilities of confusion"; and it not only finds that defendants sought "to create the impression that while in business for themselves they were authorized to make and sell Amco machines," but also disapprovingly notes that "On the other hand, if some purchasers did not

7. "In holding that defendants have not unfairly competed with plaintiff in the sale of their double point collar forming and shaping machines, the District Court undoubtedly was under the misapprehension that unfair competition could and should be enjoined only if it involved 'passing off' one product as that of another. In view of the record herein no other interpretation can be given for Judge Sugarman's decision, but this palming off concept is much too limited and certainly does not apply in this case. The fact is that the defendants herein, with deliberate intent, copied the plaintiff's machines so that they could in effect sell 'Amco' machines." Plaintiff-Appellant's Brief, pages 58-59.

even realize that Schreiber & Goldberg were manufacturing Amco machines, Schreiber & Goldberg were not averse to benefiting from this misapprehension as well."

While such vague and inconsistent charges must fall of their own weight, it is useful to note that none of the more specific charges of misconduct which the court levels against the defendants are supported by the record—except, of course, for the copying of the machine itself. As the majority concedes, defendants made no serious attempt to hire away plaintiff's employees. Moreover, the evil inferences which the majority draws from the fact that defendants sold many machines with used Amco parts on them are conclusively negated by the clear evidence in the record that every one of these machines was sold as a rebuilt, not a new, machine. Indeed, on many occasions the purchaser himself supplied defendants with the secondhand Amco parts and requested that they be used on the machine.

The court also dwells at length on defendants' so-called fraudulent advertising. But the majority's own opinion, as well as the fact that the trial court did not think plaintiff's charges here sufficiently serious to warrant specific findings, amply reveals the state of the record in support of this claim. The principal evidence consists of four advertisements of the collar pressing machine, all prominently featuring the name Schreiber & Goldberg, which included in a list of defendants' sales representatives two concerns which were then handling only the plaintiff's collar pressing machine, but selling many other products of the defendants. The contemporary correspondence in the record strongly supports the defendants' here summarily dismissed claim of honest mistake in linking these distributors also with their collar presser. But even if this claim be rejected, I cannot see how my brothers can be so certain—

without findings or mention by the trial judge and as far removed as we are from this equivocal proof—that these advertisements, which did not mention plaintiff at all, constituted a representation that Schreiber & Goldberg were in some manner connected with the plaintiff. Secondly and finally there is evidence that a southern sales representative of the defendants, not the defendants themselves, *once* advertised a collar-forming machine in their own catalogue by featuring a picture which could have been either the plaintiff's or the defendants' machine and the name of the manufacturer was not stated. Apparently, however, this omission was never repeated. This paltry showing is the sum total of the evidence of defendants' fraudulent advertising; and there is no other evidence of any kind which lends support to the finding of unfair competition.

Hence the "record of wilful and cunningly contrived pirating" reduces itself to nothing more than the copying of the Amco machine. The majority repeatedly condemns this copying. But as they also concede, it is one of the most well-settled principles in the uncertain law of unfair competition that, absent palming off, secondary meaning, and deceit, competitors are wholly privileged to copy another's product. See *Paramount Industries* v. *Solar Products Corp.*, 2 Cir., 186 F. 2d 999, 1001-1002, and cases there cited. Indeed, even if defendants were guilty of fraudulent advertising, trade-mark infringement, or the like—which is patently not the case here—the protection of the public interest in free competition requires that only the fraudulent or illegal activity, and not defendants' copying of the plaintiff's machine, be enjoined. *William R. Warner & Co.* v. *Eli Lilly & Co.*, 265 U. S. 526, 532; *Estate Stove Co.* v. *Gray & Dudley Co.*, 6 Cir., 41 F. 2d 462,

vacated on other grounds, 6 Cir., 50 F. 2d 413. We have only recently unequivocally reaffirmed these principles in *Modern Aids, Inc.* v. *R. H. Macy & Co.*, 2 Cir. 264 F. 2d 93, 94, where the court stated *Per Curiam*: "The plaintiff had no patent, and except for one proviso the defendant was free to imitate its machine as closely as it chose, no matter how much the competition might lessen the plaintiff's sales. That proviso was that, if the buying public had come to believe that every machine made after the plaintiff's model was the plaintiff's product, and had in any degree relied upon the source of the machine, rather than its performance, the plaintiff might have some relief. Even then, however, the relief would go no further than to require the defendant to make plain to buyers that the plaintiff was not the source of the machines sold by it."

How far this simple and clear-cut statement of heretofore well settled law is now to be confused and confounded is brought into bold relief by the majority's ambiguous mandate to the district court. I can only hope that that court can understand it more than do I and does not hold itself required to go to the extremes hinted at or implied. For if I read it right, the direction appears to be that the defendants must pay over all profits derived from copying plaintiff's machines, despite the law's authorization and encouragement of this copying once plaintiff's limited patent monopoly is over. Although my brothers concede that this copying was privileged, I see no narrower rational limit to the accounting they order. For there does not seem to be much else to which a claim for an accounting may attach. Surely no damage to plaintiff or even specific profits of the defendants can be attributed to the meager bits of claimed unfair advertising so played up in the opinion. Additionally, the proposed injunction—to restrain defendants from fraudulent marketing "by advertising and

otherwise"—seems intended to buttress plaintiff's monopoly further by not discriminating between privileged and non-privileged acts. This result totally blots out all ending of plaintiff's monopoly when its patent ended and is quite upsetting to all patent law. It seems to me truly ironical that the end result of the involved course of reasoning here pursued is that the defendants must account for marketing the machines now in the public domain. Thus is the constitutional purpose of securing exclusive rights to inventors in their discoveries for *limited times* (U. S. Const. Art. 1, §8) frustrated.

I confess I cannot perceive the reason or occasion for this decision. Apparently my brothers have taken offense at defendants' competitive practices; thus they deem "intolerable" defendants' efforts to break the plaintiff's monopoly when its legal term had run. But this reaction constitutes a thorough repudiation of the American doctrine of free competition. In final analysis their decision must be a tribute to the lawyer's craft, shown here in various aspects,[8] in painting a spurious picture of low cunning and sly skulduggery so ineradicable that it does not fade even upon a demonstration of its lack of basis in the evidence and of the legally permissible character of the defendants' acts. In my view the record in the first action involving patent No. 2,090,318 requires affirmance upon the plaintiff's appeal and a reversal for dismissal on the defendants' appeal.

I agree with the reversal and dismissal in the second action.

---

8. Not least is the wile displayed in bringing two actions instead of one, resulting in wide elaboration of the simple issues and no less than *fifteen* printed booklets on appeal—a consequence which should have merited a penalty of costs and in fact seems to have led to the confusion of opposing and self-cancelling cost awards.

APPENDIX B

Findings of Fact and Conclusions of Law of the District Court

SUGARMAN, D. J.

These causes came on for trial and the court, having heard the evidence, finds the facts and states the conclusions of law as follows:

AS TO THE FIRST CAUSE OF ACTION AND COUNTERCLAIM IN SUIT CIV. 79-250.

FINDINGS OF FACT

1. Plaintiff is a Pennsylvania corporation.

2. Defendants are citizens of the United States, residents of the City and State of New York, and co-partners trading as Schreiber & Goldberg, engaged in the business of manufacturing, selling and distributing machinery from a regular and established place of business in the City and State of New York, Southern District of New York.

3. Max T. Voigt applied for United States Letters Patent on July 19, 1934, for a garment-shaping machine.

4. Max T. Voigt assigned his entire interest in the invention of said garment-shaping machine and in the patent to be granted thereon to David Frankel on July 25, 1934.

5. Max T. Voigt was granted United States Letters Patent No. 2,090,318 on a garment-shaping machine on August 17, 1937.

6. David Frankel transferred his interest in the invention and United States Letters Patent No. 2,090,318 to the plaintiff on June 10, 1952.

Appendix B

7. United States Letters Patent No. 2,090,318 expired on August 17, 1954.

8. Claims 1 and 2 of the United States Letters Patent No. 2,090,318 have been infringed by the defendants by the construction of defendants' 1/4 and 1/2 die assemblies from February, 1952 to August 17, 1954.

9. The defendants have profited by said infringement.

10. The plaintiff has been damaged by said infringement.

CONCLUSIONS OF LAW

I. That this court has jurisdiction of the parties.

II. That this court has jurisdiction of the first cause of action.

III. That David Frankel, an officer of plaintiff, held title to the invention of a garment-shaping machine and to United States Letters Patent No. 2,090,318 issued thereon for the plaintiff's sole benefit from July 25, 1934 to June 10, 1952.

IV. The plaintiff has the sole right to sue and recover for infringements of United States Letters Patent No. 2,090,318.

V. Claims 1 and 2 of United States Letters Patent No. 2,090,318 are valid.

VI. Defendants must account for and pay to plaintiff all profits made by them in the sale of double point 1/4

and ½ die collar-pressing machines and parts therefor to August 17, 1954.

VII. That the defendants' counterclaim be dismissed.

AS TO THE SECOND CAUSE OF ACTION IN SUIT CIV. 79-250.

FINDINGS OF FACT

1. Plaintiff is a Pennsylvania corporation.

2. Defendants are citizens of the United States, residents of the City and State of New York, and co-partners trading as Schreiber & Goldberg, engaged in the business of manufacturing, selling and distributing machinery from a regular and established place of business in the City and State of New York, Southern District of New York.

3. Plaintiff's Amco "Speedster" and "ACE" collar-turning and shaping machines have not acquired a secondary significance in the shirt-manufacturing trade and among users of such machines.

CONCLUSIONS OF LAW

I. That this court has jurisdiction of the parties.

II. That this court has jurisdiction of the second cause of action.

III. Defendants have not unfairly competed with plaintiff in the sale of defendants' collar-turning (and shaping) machines (except as it has been found that they infringed the plaintiff's Patent No. 2,090,318 under the first cause of action above).

IV. Plaintiff's second cause of action be dismissed.

Let judgment enter in Civ. 79-250 consistent with the foregoing, but without costs or counsel fees to either party against the other.

/s/ SIDNEY SUGARMAN
United States District Judge

Dated: New York, New York
October 21, 1957

October 21, 1957—Judgment Entered in Civ. 79-250 only.

/s/ HERBERT A. CHARLSON
Clerk

APPENDIX C

Patent Act of 1952. Sec. 1, 66 Stat. 813, 35 U. S. C. 1-293.

SEC. 103. Conditions for patentability: non-obvious subject matter.

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

SEC. 112. *Specification.*

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof. July 19, 1952, c. 950, Sect. 1, 66 Stat. 798.

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JAMES R. BROWNING, Clerk

IN THE

Supreme Court of the United States

October Term, 1959.

No. 486.

JOSEPH SCHREIBER and DAVID GOLDBERG, individually and as partners trading as SCHREIBER & GOLDBERG,

Petitioners,

v.

AMERICAN SAFETY TABLE COMPANY, INC.,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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IN THE

Supreme Court of the United States.

OCTOBER TERM, 1959.

No. 486.

JOSEPH SCHREIBER AND DAVID GOLDBERG, INDIVIDUALLY AND AS PARTNERS TRADING AS SCHREIBER & GOLDBERG,

Petitioners,

v.

AMERICAN SAFETY TABLE COMPANY, INC.

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

INTRODUCTORY STATEMENT.

This is a case involving two different causes of action, the first being for patent infringement and the second for unfair competition in trade.

The decision of the Court of Appeals for the Second Circuit holding that respondent's patent in suit (Pl. Ex. 4; R. 391a, 866) was valid and infringed by petitioners and that petitioners were guilty of unfair competition is manifestly correct.

The decision of the Court of Appeals below is not in conflict with the decision of any other court of appeals on the same matter and there is not presented here and the majority opinion of the Court of Appeals below did not

decide any unsettled or disputed questions of law concerning which there exists any conflict of opinion between any of the several different courts of appeal. Neither is there any federal question which has been decided in a way in conflict with any applicable decision of this Court.

No question of public importance is involved in this case and there has been no departure from the accepted and usual course of judicial proceedings.

Actually, the actions for patent infringement and unfair competition were brought as a defensive measure by the plaintiff-respondent to protect its own private interests against the defendants-petitioners herein who sought not only to deliberately and wilfully appropriate the respondent's patented invention in suit, but also embarked upon a scheme to fraudulently make use of the reputation and goodwill which respondent had acquired in connection with its manufacture and sale of collar forming and pressing machines over a period of some 19 years prior to the defendants-petitioners' advent into the field.

In support of their petition, the petitioners have seized upon isolated statements of the majority opinion of the Court of Appeals below in their endeavor to build out of them a case for review. This is true not only in respect to their representations against that Court's affirmation of the judgment sustaining the validity and infringement of the respondent's patent to Voigt, No. 2,090,318, but also of their contentions in opposition to the findings and conclusions expressed in the majority opinion of the Court below on the issue of unfair competition. In final analysis, the petition constitutes nothing more than a re-argument of the patent infringement and unfair competition issues.

The comprehensive majority ruling and opinion of the Court of Appeals below [1] fully and completely disposed of the issues in this case. There now is no special or important reason why the writ prayed for should be granted.

1. Petitioners' Appendix A, pp. 1a to 40a.

OPINIONS BELOW.

The opinion of the Court of Appeals for the Second Circuit is reported at 269 Fed. 2d 255 and appears as Appendix A to the Petition (pp. 1a-57a). The District Court wrote no opinion, but filed separate findings of fact and conclusions of law, reproduced as Appendix B to the Petition (pp. 58a-61a).

JURISDICTION.

The jurisdictional requisites are adequately set forth in the Petition.

COUNTER-STATEMENT OF THE QUESTIONS PRESENTED.

The "Questions Presented" in the petition (page 2) by no means furnish this Court with an accurate presentation of the real factual issues which were resolved below and for that reason are considered to be inadequate. We believe that the following questions more properly present the issues which were decided upon the facts as found by the majority of the Court below:—

1. Did the Court of Appeals below decide any issue of general applicability concerning the standard of invention necessary in patent cases?

2. Did the Court of Appeals below err in its interpretation and construction of the claims of the patent in suit and in applying them to the accused device?

3. Did the Court of Appeals below err in finding the petitioners guilty of unfair competition upon the facts as found?

STATEMENT OF THE CASE.

Respondent, American Safety Table Company, Inc., (sometimes referred to herein and in the opinion of the Court below as Amco) as plaintiff in the District Court, brought two separate suits, separately filed several months apart, which were subsequently consolidated and tried upon a single record. The first suit included two causes of action against the petitioners herein, one charging infringement of respondent's patent No. 2,090,318, which expired during the pendency of the suit, and the other charging unfair competition. The second later filed suit charged the petitioners with infringement of respondent's patent No. 2,619,267.[2] Both patents related to machines used in the shirt manufacturing industry for the pressing and shaping of shirt collars.

The District Court held both of the respondent's patents valid and infringed by the petitioners, but it dismissed the complaint as to the charge of unfair competition.

The Court of Appeals below, by its majority opinion,[3] affirmed the District Court decision holding valid the now expired first patent in suit, No. 2,090,318, but reversed the lower court's decision in respect to the second patent in suit, No. 2,619,267, holding it to be invalid for lack of invention. There is no dispute before this Court with respect to this latter invalidated patent.

In the same opinion of the Court of Appeals below, the decision of the District Court on the unfair competition cause of action was reversed, the majority opinion holding that the respondent's claim of unfair competition had been established and on this issue of unfair competiton the Court below remanded the case for equitable relief as prayed for.

The trial of the consolidated suits in the District Court extended over a period of some six weeks, consuming 24

2. Opinion of the Court below, Petitioners' Appendix A, pp. 21a-25a.

3. Opinion of the Court below, Petitioners' Appendix A, pp. 14a-21a.

actual trial days, resulting in a transcript of the trial record of over 3300 pages and necessitating the introduction of more than 200 exhibits, including a number of machines representative of those made by the respondent and the petitioners as well as of the prior art.

The District Court rendered no opinion and made no detailed findings and so, as the Court of Appeals below has indicated, it had to make its own review "of the maze of direct and collateral issues"[4] in order to resolve the complex questions involved. While the members of the Court of Appeals divided sharply concerning what was proved and what inferences and conclusions should be drawn from the conflicting and voluminous evidence, the facts as found and the issues as decided by the majority of the Court are clear cut.

The respondent cannot and does not accept either the petitioners' "Statement of the Case" (Petition, page 3) in respect to the patent issue or its "Statement of the Facts" (Petition, page 11) in respect to the unfair competition issue, since both are replete with misstatements of facts and erroneous and unfounded assertions and arguments calculated to present a picture bearing no resemblance whatsoever to the true picture developed by the actual facts of the case.

The petition does not apprise this Court of the fact that when petitioners commenced their manufacture and sale of the accused machines, they did so, as the Court below found, "by constructing and selling double point machines virtually identical in design, color and appearance with the AMCO machines", and that "although copying all features at first, Schreiber & Goldberg (petitioners herein) gradually began to make certain changes in their machines",[5] the only one of which pertinent to the patent here in suit was to substitute "a bar extending across the upper

4. Opinion of the Court below, Petitioners' Appendix A, page 3a.

5. Opinion of the Court below, Petitioners' Appendix A, page 13a

pressure shoes instead of leaf-springs". This substitute cross-bar was held by both Courts below to be the full mechanical equivalent of the respondent's leaf-springs. Although vigorously contested below, the petition does not now raise any issue as to this holding of mechanical equivalency between the cross-bar and the leaf-springs.

The petition is silent also as to the mode and manner and the circumstances attaching to the petitioners' copying of the respondent's patented machines, there being no suggestion in the petition that to facilitate such copying the petitioners employed parts of the Amco machines as patterns for the reproduction of their own comparable parts (R. 215-218; 227-228), and as the occasion warranted, petitioners even went so far as to include in their machines, which they sold as new, original parts of the respondent's machines (R. 206; 241-244; 256). While it is true that these actions of petitioners appear to be most germane to the unfair competition cause of action, they were also pertinent on the issue of patent validity since, when petitioners saw fit to copy and use not the constructions of the prior art but exactly that of the respondent's patent, they were paying high tribute to the patented invention. As the Court below found,[6] the Petition being discreetly silent in respect thereto, the merits of the patented machine were so well known to the Petitioners since at least 1936 that, when they unsuccessfully sought an agency to deal in and sell the respondent's machines, they decided finally in 1952 to duplicate them "and take our chances".

For a complete statement of the case we can do no better than respectfully refer this Court to the comprehensive majority opinion of the Court below, wherein is accurately recited in detail not only the facts which immediately preceded and brought on this suit but also the background history of the development and sale of the re-

6. Opinion of the Court below, Petitioners' Appendix A, page 27a.

spondent's machines; the relations existing between the parties hereto during the nineteen-year period prior to the petitioners' own manufacture and sale of machines in simulation of those of the respondent; the facts showing petitioners' wilful and deliberate infringement of the respondent's patent here in suit; the motives which impelled the petitioners to embark upon a program which the Court stated involved "a record of wilful and cunningly contrived pirating";[7] and the unfair acts of the petitioners which in their aggregate the Court characterized and held to be as a matter of law "a deliberately contrived scheme of fraudulent marketing".[8]

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7. Opinion of the Court below, Petitioners' Appendix A, page 31a.

8. Opinion of the Court below, Petitioners' Appendix A, page 44a.

ARGUMENT.

Reasons for Not Granting the Writ in Respect to the Patent Issue.

Petitioners would invite this Court to review and decide abstract issues and questions of law which were not decided by the Court of Appeals below.

Before discussing the questions which petitioners seek to present by their petition, we consider it important to emphasize the fact that as concerns the respondent's only patent in suit, No. 2,090,318, it expired more than five years ago[9] during the pendency of this case and therefore there cannot now be and there is no continuing interest by the public or the shirt manufacturing industry in this patent, particularly in respect to any interpretation of its subject matter or scope.

Petitioners attempt to raise a spurious issue in respect to this now expired patent of alleged confusion among and within the several Courts of Appeal as to whether the "standard of invention" is that assertedly set forth in *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Co.*, 340 U. S. 147; 95 L. Ed. 160 (1950) or that of 35 U. S. C., Section 103 (1952 Patent Act, Petitioners' Appendix C).

No such question (as to comparative standards of invention) was ever presented to or decided in this case by the Court of Appeals below and it is now being raised in the petition for the very first time. As a matter of fact, the *A & P* case, *supra*, was not cited or discussed by either party to this litigation in the briefs relating to patent No. 2,090,318 which were filed with the Court of Appeals below in support of their respective contentions for and against validity of the patent in suit. The first reference ever made

9. Expiration date, August 17, 1954.

by the petitioners to the *A & P* case was in their denied petition to the Court below for rehearing, but even this reference was not for the purpose of raising and it did not raise the question now attempted by petitioners to be put in issue. It simply urged the Court below to reconsider the case on the petitioners' argument that the invention in suit did not, in their opinion, measure up to the "standard" allegedly set up in the *A & P* case.

The petitioners present their first question as though, were it not for the provisions of the Patent Act of 1952, the facts in this case would have warranted a holding of invalidity for the patent in suit. The question further assumes findings which were never made of obviousness and of unimportant differences between the patented invention and the prior art.

On the contrary, the majority of the Court below found that the invention in suit was not obvious, stating:—

> "* * * it is only after the event that the very simplicity of this ingenious contrivance makes it seem simple and obvious. The fact is that several other inventors who conceived an abundance of original thought on the subject of how to press and shape a smooth collar did not think of it. And it is only by elaborate and detailed study of the alternate ideas suggested by others that an observer can appreciate the merit of Voigt's conception".

It is of primary significance to note that in the companion case not here involved, the Court below held invalid the second patent of the respondent,[10] again without any consideration of one standard of invention as against a possibly different standard.

The only real question in this patent case which was before the Court of Appeals below was the validity of the patent claims under the applicable settled law. The major-

10. Opinion of the Court below, Petitioners' Appendix A, pp. 21a-25a, in re Patent No. 2,619,267 not involved in the instant case.

ity decision of the Court was that the claims were valid as had been held by the District Court. That the claims met the test of invention under the patent law, as it existed both prior to and after the Patent Act of 1952, is evident from the fact that the majority of the Court below cited in support of their opinion not only *Lyon v. Bausch & Lomb Optical Co.*, 2 Cir. 1955, 224 F. 2d 530; cert. denied, 350 U. S. 911 (decided *after* enactment of the 1952 Patent Act), but also *Potts v. Creager*, 1895, 155 U. S. 597, 608 and *White v. Converse*, 2 Cir. 1927, 20 F. 2d 311, 313; cert. denied, 275 U. S. 547 (both of which latter cases were decided *prior* to the 1952 Patent Act.) [11]

The claims of respondent's patent No. 2,090,318 were held valid by both the District Court and the Court of Appeals below, and neither in the majority opinion of the Court nor in the dissenting opinion of Judge Clark was it even indicated, much less was it decided, that the issue in this case was whether one or another standard of invention should have been considered in determining the validity of the patent. Whether one or the other of the allegedly different "standards" of patentable invention is applicable is of no importance so far as this case is concerned, since there is no indication other than that the particular patent here in suit was held valid under all previously known and expounded standards.

The conclusion of the majority of the Court below that the patent in suit was valid is wholly consonant with the general patent law, and was arrived at *solely by the particular fact situation presented by this case*, even as measured against the most severe standards and regardless of whether the 1952 Patent Act was a codification of the existing law or a revision of it. The Court below merely applied to the facts of this case, as it did when invalidating respondent's patent No. 2,619,267, the general principles of the settled law as to invention which have been recognized

11. Opinion of the Court below, Petitioners' Appendix A, page 16a.

ever since the decision of this Court in *Hotchkiss v. Greenwood*, 11 Howard 248, 267, 13 L. Ed. 683, 691 (1851).

Indeed, this case is an uniquely unsuitable vehicle for the exploration of the general standard or test required for patentable invention, in view of the exceedingly complex record, the absence of specific and detailed findings which might have served to narrow the issues and the many *factual* disputes as is evidenced by the petition itself.

Petitioners would also have this Court review another abstract question concerning the interpretation of the claims of the now expired patent in suit. The petitioners represent that the majority opinion of the Court of Appeals below erred in finding that "the novelty and essence of the Voigt invention of the patent in suit was in conceiving that the application of parallel pressure to a substantial portion of the collar would produce the most effectively pressed and shaped collar" and that Voigt's use of parallel pressure solved a long existing need in the art; and in this connection petitioners further contend that "parallel pressure" was never claimed by Voigt as the essence of his invention.

This attempt to attach special significance to the phrase "parallel pressure" is quite illogical in view of the fact that such parallel pressure is obtained and in fact is inherent upon application of collar-pressing pressure to the top pressure shoes through the double pivot arrangement of the patented mechanism. Without this double pivot arrangement to provide for self-leveling action of the upper pressure shoes "the relationships of the shoe to the bed plate would not be level or nearly level upon the movement of the fulcrum" (R. 796).

Whether or not this inherent action of the patented device be described by the expression "parallel pressure" or "self-levelling" or by any other terminology, the indisputable fact is, as was found by the Courts below, that it was obtained only as the result of the operation of the device disclosed and claimed in the patent. It was the invention of this device which the Court below found the patentee

had contributed to "the practical solution of the problem that vexed the industry" [12] and it was the petitioners herein who, again in the words of the Court below, "paid the *device* the most sincere of all compliments by copying it root and branch". (Emphasis added.) [13]

The patentee, Voigt, himself testified (R. 795) that without the double pivot arrangement the top pressure shoes "would not be parallel with the bottom shoe or the bottom plate", and it was at this juncture at the trial (R. 795-796) that the Trial Judge drew the sketch (PX120; R. 797, 875) in illustration of his own understanding and appreciation of the purpose and significance of the double pivot arrangement.

Obviously in its use of the term "parallel pressure", the majority opinion of the Court below was only emphasizing the significance which it attached to the double pivot arrangement and the means (the leaf-springs or its equivalent cross-bar) for restraining the motion of the upper die away from the lower die or bed plate as "said upper die reciprocates toward and away from said lower die, and, with a limited motion, toward and away from the point of the recess".[14] Thus it was that the majority of the Court below said:—

> "The significance of these features is that they insure the application of level pressure to the collar points, since the upper and lower dies are first brought into parallel planes by the leaf-springs and then main-

12. Opinion of the Court below, Petitioners' Appendix A, page 16a.

13. Opinion of the Court below, Petitioners' Appendix A, page 10a.

14. This quotation by the Court below (Opinion, Petitioners' Appendix A, page 8a) of the exact language of the claim 1 (R. 867) of the patent in suit, coupled with its observation that "An ingenious double pivot arrangement and clamps or springs to keep the pressing shoes level were found by the Patent Office to constitute patentable improvement" (Petitioners' Appendix A, page 7a) shows how completely inapplicable petitioners' second question is to the facts in this case.

tained in such relationship during the process of applying pressure by the double pivot set up". (Petitioners' Appendix A, page 8a)

The remaining contentions appearing in the petition in respect to the prior art patents and to commercial success of the respondent's patented machines also have to do with questions of fact which were decided by the Court below and which are collateral to and do not come within the purview of the "Questions Presented" by petitioners in this patent case. These collateral arguments merely emphasize the fact that the petitioners are but seeking to have this Court review the detailed facts in the instant case and go through precisely the same detailed ground fully and carefully considered by the District Court after a full and lengthly trial and by the Court of Appeals below (as note its discussion of the prior art—Opinion, Petitioners' Appendix A, pp. 15a-16a) after its own meticulous review of the entire record of this case. It is not the respondent's understanding that that is the purpose of a petition for writ of certiorari or the function of this Court, *General Talking Pictures Corporation v. Western Electric Company*, 304 U. S. 175, 178, 179; 82 L. Ed. 1273, 1275 (1938).

The petitioners' questions are academic in relation to the decision of the Court below and do not have to do with any matter or issue in this patent case that is so special or important as to compel review and decision by this Court. The case simply turned on the facts as disclosed and the compelling weight of the evidence, there being no patent issues of general interest presented. Instead the very questions presented by petitioners make it evident that petitioners are merely disputing the findings of fact and conclusions of law of the Court below. There is not here involved any "real and embarrassing conflict of opinion and authority" or any other conflict between the affirming decision of the Court below and other decisions of the same or different Courts of Appeals on the same matter as would warrant a

review of this case by this Court. *Layne & Bowler Corp. v. Western Well Works*, 261 U. S. 387, 388; 67 L. Ed. 712; *Keller v. Adams-Campbell Corp.*, 264 U. S. 314, 319; 68 L. Ed. 705.

Reasons for Not Granting the Writ in Respect to the Unfair Competition Issue.

As in the patent branch of this case, petitioners would have this Court review and sift through the same maze of facts which were so fully and carefully considered by the Court below in connection with the unfair competition branch of this case. The petition discloses that petitioners are attempting at this juncture to repeat and re-argue in this Court questions of facts pertaining to the merits of the unfair competition action which were expressly decided adversely to their contentions by the Court below. This Court, however, in *Magnum v. Coty*, 262 U. S. 159, 163 (1923), stated:—

> ". . . The jurisdiction (to bring up cases by certiorari) was not conferred upon this Court merely to give the defeated party in the Circuit Court of Appeals another hearing".

The actual question on the issue of unfair competition is whether the Court of Appeals below, by its majority opinion, was correct in its decision on the facts as found that the petitioners had committed acts of unfair competition in trade as charged.

These acts were summarized by the Court below as follows:—

> "In summary then, we find the following undisputed facts sufficient to establish as a matter of law a deliberately contrived scheme of fraudulent marketing existing at least during the first two years of Schreiber & Goldberg's Amco operations: (1) simulation of machines to the last detail, including castings of Amco

serial numbers, when numerous distinguishing alternatives existed; (2) the use of Amco parts in machines marketed by Schreiber & Goldberg; (3) several instances of misleading advertising; (4) several instances of customer confusion in making complaints, seeking replacements, and requesting repairs."

"The net result is that the fraudulent scheme as a whole must be condemned. Because joined with improper and deceitful marketing methods the making of the Chinese copies becomes unlawful, in the absence of the taking of reasonable and proper steps by Schreiber & Goldberg to distinguish their machines from the Amcos." [15]

Petitioners' questions 3 and 4 in particular quite erroneously recite as the basis thereof that the matter in dispute was the subject of an expired patent and in the public domain, whereas the true fact of the matter is that the respondent's machines were copied by the petitioners during the existence and life of the very same patent No. 2,090,318 which was the subject of the first cause of action, which has been adjudged by the Courts below to have been valid and infringed, and which expired only during the pendency of this litigation and some two years or more after the petitioners had entered the field.

The petition states at page 18 that petitioners entered the field after expiration of the Beattie and McAuley patents in 1950. However, it was not until two years after such expiration that petitioners commenced their activities and when they did, they did not manufacture machines made pursuant to the expired Beattie and McAuley patents but instead made Chinese copies of the machine of the patent in suit which was then still very much alive. They copied the respondent's patented machine and not those of the ex-

15. Opinion of the Court below, Petitioners' Appendix A, pp. 44a-45a.

pired Beattie and McAuley patents because by 1952 there simply was no market for the obsoleted Beattie machines.[16]

The petitioners assert in their petition (page 14) that the majority of the Court of Appeals below concurred in the finding of the District Court that respondent's machines had not acquired any secondary significance. We do not find in the majority opinion of the Court below any such express finding of no secondary meaning. Instead, the Court merely observed that it was not clear that shirt makers had bought Amco (respondent's) machines primarily or even in substantial part because they were made by Amco rather than because they liked the machine, and it went on to say:—

> "This is probably the basis for the finding by the trial judge that the Amco machines had not 'acquired a secondary significance', which he *erroneously* thought disposed of the unfair competition phase of the action". (Petitioner's Appendix A, page 38a—emphasis added.)

On this same point, the majority of the Court below, after reviewing the record of the petitioners' activities, said:—

> "In the face of this record of wilful and cunningly contrived piracy the District Court found that no unfair competition had been established, because it found that the Amco machines had not acquired a secondary meaning. *We have reached a different conclusion*". (Petitioners' Appendix A, page 31a—emphasis added.)

Thus, it is manifest that whether or not any secondary meaning had been established for the respondent's machines, the Court below found that the overt acts[17] of unfair competition committed by the petitioners in marketing their machines were indeed actionable and subject to injunction

16. Opinion of the Court below (Petitioners' Appendix A, page 9a).

17. Supra, pp. 14-15 hereof.

and restraint by the Court and that because of such fraudulent marketing it had no alternative other than to connect the production of the machines with the marketing thereof. The Court said as to this:—

> "Indeed, they cannot be separated: the fraud and wilful deception of Schreiber & Goldberg as to both production and marketing is manifest. Had a finding to the contrary been made we would be required to set it aside as clearly erroneous". (Opinion of the Court below, Petitioners' Appendix A, page 41a.)

In so holding the Court below, by its majority opinion, was not establishing any new law or principle in the field of unfair competition. The same principle of law was expressed in *William H. Keller, Inc. v. Chicago Pneumatic Tool Co.*, 298 Fed. 52, 57 (C. C. A. 7, 1923) wherein the Court said:—

> "In brief, the manufacturer entering the field which his competitor has heretofore monopolized, may for the purpose of determining the issue of unfair trade, have his business and his alleged unfair trade methods examined from two angles, viz. the viewpoint of the maker or manufacturer of goods; and, second, from the viewpoint of the distributor. As a manufacturer, one has a perfect right to make any article of commerce not covered by a patent monopoly or affected by a lawful trade agreement to which he is a party. As a distributor, however, he must respect those methods of honest and upright dealing which forbid one competitor from adopting practices which are now well understood to be unfair or fraudulent."

In contending that the decision of the Court below is contrary to the established principle of law that upon expiration of a patent, all parts thereof pass into the public domain, the petitioners ignore the also well-established

principle that no trader may with impunity engage in unfair trade practices in respect to production and or marketing of any goods, be it in the public domain or not. Thus, in *William H. Keller v. Chicago Pneumatic Tool Co., supra*, the Court stated:—

> "The issuance of a valid patent gives to the grantee or his assigns a monopoly for 17 years. At the expiration of this period the bars are lifted. All can make the patented article, and there is no reason why a Chinese copy of such article may not be made, unless by doing so the maker subjects himself to the charge of unfair competition. In other words, if the article covered by a patent and with a special dress or artistic adornments that are in no way involved in any of the patent claims, the competitor entering the field at the expiration of the patent may subject himself to the charge of unfair competition, if, in addition to adopting the combination covered by the patent, he adopts the dress, the artistic designs, or those individual marks with which the users have become familiar, and which they recognize as attributes of the product of the old company."

> "In other words, under the Singer Sewing Machine case [18] and other cases cited, supra, the entry of one manufacturer into the field at the expiration of patent is perfectly legitimate and justifiable and only becomes unjustifiable when in selling its goods it adopted methods which induce, or are reasonably calculated to induce, a customer to purchase the product under the mistaken notion that it is manufactured by another".

The very cases cited by petitioners (pp. 16-17 of the petition) support this well-recognized principle expressed in the *Keller* case, *supra*. Thus, in the case of *Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 169, this Court, while holding

18. *Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 169.

that the name "Singer" had passed into the public domain upon expiration of the Singer patent, nevertheless perpetually enjoined the defendant therein from using the name Singer except under severe conditions, all because of its findings that the defendants had engaged in fraudulent activities. The case of *Kellogg Co. v. National Biscuit Co.*, 305 U. S. 111, also cited by petitioners, is inapplicable because the majority opinion of this Court expressly held that there were no unfair trade practices or acts on the part of the defendant as required the grant of any relief to the plaintiff.

Petitioners' statement in its petition (p. 15) that the instances of customer confusion referred to by the Court of Appeals below were "found unsupported by the trial court" is unwarranted, to say the least. The District Court made no findings at all in respect to such confusion but merely dismissed the complaint, as the Court below pointed out, upon the erroneous thought that its finding of no secondary significance for the Amco (respondent's) machines disposed of the unfair competition phase of the case. In this case, the evidence showed actual instances of confusion, certain of which were specified by the Court below.[19] The fact is that there was confusion induced in the trade by the fraudulent marketing practices of the petitioners which were condemned in no uncertain terms by the Court.

As regards petitioners' contentions, under the guise of its improper questions 3 and 4, that the directive of the Court below for the issuance of a permanent injunction against the petitioners "will establish a dangerous precedent for other Courts and litigants" (petition, p. 17), we cite this Court's decision in *Singer v. June*, *supra*, wherein because of the defendant's fraudulent acts it was denied the privilege enjoyable by every other fair trader and was required to state, if it did use the name "Singer", that the machines so marked were not the manufacture of Singer

19. Opinion of the Court below, Petitioners' Appendix A, p. 31a

Manufacturing Co. And see also *Warner & Co. v. Lilly & Co.*, 1924, 265 U. S. 526.

In thus complaining about the directive of the Court below for the issuance of a permanent injunction, the petitioners have lost sight completely of the fact that such an injunction is addressed solely as against them *in personam* because of their own fraudulent trade practices and that it could not possibly have any effect on the public right to make and sell the machines of the now expired patent in fair competition with the respondent or any one else. Indeed, even the petitioners herein under such injunction may now enjoy the use of the invention of the patent in suit so long as they refrain "from the continuance of their scheme of fraudulent marketing. . . . and adopt reasonable means to distinguish their machines from the Amcos."[20] As the Court below pointed out, the petitioners could distinguish their machine from those of the respondent "in a myriad of ways" and it even suggested a number of changes that could be made. (Petitioners' Appendix A, page 28a.)

The petitioners' statement (petition, page 12) that there was no proof that they repeated the listing as their own of sales agents known to be those of respondent is not true and is contrary to the fact and the findings of the Court below. In this connection, the Court said:—

> "The claim that such listings were 'inadvertent' need not detain us as the earlier errors were known to Schreiber & Goldberg at the time of the later listings". (Petitioners' Appendix A, p. 29a.)

We note also that in respect to the petitioners' use of original parts of the Amco machines in machines sold by petitioners, they attempt in their petition to belittle and minimize this obviously unfair trade practice by asserting that all they did was to use the original Amco parts on remodeled die assemblies pursuant to customer re-

20. Directive (2) of Court below, Petitioners' Appendix A, p. 45a.

quest. This assertion is completely at variance with the proved fact that the petitioners' machines, which they sold as new, included original Ameo parts.[21]

As to this use by the petitioners of Ameo parts, we need quote only the testimony of the petitioners themselves as follows:—

"Q. By using parts of another machine, what do you mean?

A. We have been taking parts of the American Safety Table machine and using it with the dies we have been making up.

Q. You mean parts of the American Safety Table Company?

A. That's right. (Goldberg, R. 206).

* * *

Q. Now, if these leveling springs were old or used, then it is a fact, is it not, that when you sold a die set like Plaintiff's Exhibit 26-A at your regular price, as for a new assembly, you were misrepresenting, weren't you, that the complete assembly was a new assembly?

A. That would be just my opinion.

Q. Well, what is your opinion?

A. If you ask me that, Well, a complete assembly, everything except the set of springs was new.

Q. But you did sell such a die assembly with your name plate on it?

A. Yes, sir.

Q. And you obtained your regular list price for it, as advertised?

A. Well, we had different prices, 80 or 90 dollars.

Q. Whatever it was.

A. Yes." (Ribak, R. 243, 244).

The statement in the petition (page 13) that respondent refused to remodel old dies and insisted that manufacturers purchase a completely new assembly is not in

21. Opinion of the Court below, Petitioners' Appendix A, p. 43a

accord with the fact and is not supported by any evidence adduced in this case.

With reference to the petitioners' question 5, as framed, it proposes nothing more than that this Court should now take upon itself the task of determining whether the Court below was correct in its fact findings and its conclusions based thereon. We respectfully submit that the majority opinion of the Court below, holding that the petitioners embarked upon and were guilty of a fraudulent scheme to market their machines in such manner as to poach upon the established business of respondent is amply supported by the evidence of record and the findings of fact, and we do not perceive wherein the petition sets forth any facts which would support a contrary holding or would warrant the grant of a writ of certiorari.

Petitioners' complaint in respect to the *proposed* judgment submitted to the District Court would appear to be untimely and premature. The equitable relief to which the respondent may be entitled, in the common judicial form of an injunction based on the findings and conclusions of the Court below, is a matter to be exercised by the District Court which has wide discretionary power and authority to insure that the injunctive and other provisions of the judgment are fairly framed, pursuant to the mandate and order of the Court below, to protect the rights and interests of both parties to this litigation.

The petitioners conclude their petition with the unfounded and completely unjustifiable accusation that respondent has a monopoly in this field and that it will now be in a position to compel manufacturers to pay the prices asked and "comply with the conditions imposed". Just what these "conditions" may be the petitioners do not say, and certainly the respondent does not know of any which it has ever imposed or intends to impose. Not a single one of the several shirt manufacturers who testified in this case, and they included the leading manufacturers in this country, gave even the slightest indication that the

industry was in any way ever hampered by any conduct of the respondent or that it was concerned about or had any vital interest in the outcome of this litigation. As a matter of fact the evidence established, without any refutation by petitioners, that the respondent's machines, through savings effected by their use, have each paid for themselves in about a half year of operation (R. 830) and that many of the respondent's machines, sold in the 1930's, were still in use up to the period of the trial in 1956 (R. 129, 140, 198, 203, 234). In view of this, and with not a shred of supporting evidence in the records, how can the petitioners possibly justify their charge of "monopoly" and their assertion that the men's shirt manufacturing industry is vitally concerned with the outcome of this litigation? It just is not true.

CONCLUSION.

Since the decision of the Court of Appeals below is not contrary to any established principles of law enunciated by this Court or any of the other Courts of Appeal and since the issues of this case were decided upon a particular fact situation which inevitably and properly led to the conclusions reached, we respectfully submit that the petition for a writ of certiorari in this case of wilful and deliberate patent infringement and of palpable unfair competition should be denied.

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IN THE

Supreme Court of the United States

OCTOBER TERM—1959

No. 486

JOSEPH SCHREIBER and DAVID GOLDBERG, individually and as partners trading as SCHREIBER & GOLDBERG,

Petitioners,

v.

AMERICAN SAFETY TABLE COMPANY, INC.,

Respondent.

PETITIONERS' REPLY BRIEF

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PETITIONERS' REPLY BRIEF

I

Respondent's brief avoids all mention of the prior art patents. It does not dispute, as found by the majority of the Court of Appeals, that the use of the double pivot and leaf springs was old and that McAuley applied parallel pressure to the tip of the point of the collar, nor is there a denial as pointed out by the petitioners that Voigt merely extended parallel pressure to the full point of the collar.

There is no contradiction in respondent's brief of petitioners' contention as further pointed out in the dissent by Chief Judge Clark that whatever commercial success was enjoyed by respondent was due entirely to the non-patented, double-point features of the machine. The respondent while quoting from the majority opinion that

the Voigt patent solved a "problem that vexed the industry" failed to answer the charge by petitioners that the record was devoid of any proof either that the industry was vexed by this problem or that Voigt contributed to its solution. Respondent on several occasions has resorted to the record and quoted from the testimony in support of other points it raised. In this respect, respondent cannot point to anything in the record which supports the finding by the majority of the Court of Appeals.

Shorn of all the embellishments, the invention of Voigt consisted of no more than applying the well-known principle of flat or parallel pressure to the pressing of a part of a garment. Beattie, McAuley and McTague all employed the same principle. This has been in use for years in the Hoffman pressing machines used in the pressing of men's coats and trousers. An illustration of this machine, DX-BM, is found on page 693 of the Appendix to Defendant-Appellant's Brief, Vol. 2, Exhibits. Respondent urges that the court below applied "the general principles of the settled law as to invention" in determining the validity of the Voigt patent. The dissenting opinion of Chief Judge Clark refutes this assertion, for he clearly differs with the standard of invention used by the majority. In the District Court, respondent urged that a more lenient test of invention be applied as set forth in the *Bausch & Lomb* case. It argued that such standards should be accepted, further adding, "It is to be noted that in the Bausch & Lomb case the Supreme Court denied petition for writ of certiorari (350 U. S. 911), and also petition for rehearing (350 U. S. 955)." Before the Court of Appeals, the respondent further urged, "We submit that the Voigt patent here in suit satifies in all respects the test for validity set forth by Judge Hand in the Bausch & Lomb case, supra."[1]

1. Reply Brief and Answering Brief of Plaintiff-Appellant, page 45.

The position taken by the petitioners both in the District Court and on appeal was that the standard of invention set forth in the *Cuno Corp.*, the *A. & P.* case and recent decisions by the Second Court of Appeals following the *A. & P.* case, cited by Chief Judge Clark as part of footnote 6 on page 52a of Appendix A, was the proper test to be applied. Respondent's statement on page 8 of its Brief that "The first reference ever made by petitioners to the *A. & P.* case was in their denied petition to the court below for rehearing" is erroneous, and respondent forgets that in its reply brief to the District Court it stated, at page 89: "The defendants (petitioners here) have also quoted passages from Supreme Court cases, one from that of *Cuno v. Automatic Devices Corp.*, 314 U. S. 84, to the effect that improvements are not necessarily inventions; and another from that of *Great Atlantic & Pacific Tea Co. v. Supermarket Corporation*, 340 U. S. 147, to the effect that an assembly of old elements producing no new or unusual results lacks invention."

Respondent urges that the petition should be denied because the patent has expired and the case is not of sufficient importance to consume the time and effort of this Court. That was not the reaction of the Court of Appeals wherein the majority and minority of the Court took eight months, from October, 1958, to June, 1959, to consider and decide the appeal below and to sharply differ as to the proper standard of invention to be applied and the results.

Respondent does not deny that differences of opinion exist between the various Circuits and among the judges of the Second Circuit as to the proper test of invention to be applied since the enactment of the Patent Act of 1952. A further difference of opinion has now arisen in the Sixth Circuit in the case of *National Latex Products Company v. The Sun Rubber Company*, 123 U.S.P.Q. 279, 294, 295) wherein Judge McAllister differed from his col-

leagues and voted to invalidate the patents in suit, stating: "In the years before the Supreme Court decision in the *Great Atlantic and Pacific Tea Co. case*, the determination of this court in the instant case would probably be unanimous, to sustain the judgment of the District Court. In the light of that decision, I am of the opinion that the patents are invalid."

The decision by the majority of the lower Court, which held this obvious and well-known device to be patentable has been held up as an example of the proper test of invention prescribed by the enactment of the new statute. It was so referred to in the cases of *Stoffel Seal Corp.* v. *E. J. Brooks Company*, No. 361, and *Bernard Glagovsky* v. *Bowcraft Trimming Co., et al.*, No. 369, in petitions for writs of certiorari filed during the October 1959 term of this Court. While this Court's denial of the petitions in these cases may be inferred by the Bench and Bar to constitute an approval of the decisions by their respective Courts of Appeals, an affirmative pronouncement by this Court as to the proper test of inventions is nevertheless necessary. Unless a review is granted in this case, the confusion heretofore existing will continue because the standard of invention applied by the majority of the court below is directly opposite to that used in the *Stoffel Seal* and *Glagovsky* cases to invalidate the patents there. The granting of this petition for a review of the Court's finding of validity is of utmost importance not only to the petitioners, who are faced with costly and long drawn-out accounting proceedings as well as the saddling of enormous counsel fees, but to the Bench and Bar as well who have been seeking a pronouncement from this Court.

II.

In urging denial of the writ in respect to the unfair competition phase of the action, the respondent stresses the fact that for nineteen years prior to the defendant-

appellants' manufacture of their machines, it had the field to itself and that the petitioners in 1952 deliberately made Chinese copies of both the patented and unpatented features of the machines. Respondent does not dispute the fact that throughout the years of their manufacture, petitioners at all times marked the machines with their name-plates, included their initials on the cast parts and identified the machines in the invoices as of their manufacture. Respondent again refers to the majority's opinion that confusion existed without citing one instance in the entire record where anyone purchased a machine or replacement part from the petitioners in the belief that the purchaser was acquiring the machine or part of the respondent. In fact, respondent makes no denial of its own statement found in footnote 11 on page 14 of the petition that confusion as to source was impossible. Respondent's entire claim rests on the early copying of its machines and parts in 1952, one instance where petitioners' name was omitted from an advertisement of their machine in 1953, and two advertisements in 1954 which listed respondent's sales agents who also sold petitioners' goods in advertisements illustrating products manufactured by petitioners. Respondent quotes at length from the testimony that petitioners used its leaf springs. The Court of Appeals found that in September 1952 before the start of this suit petitioners substituted its cross bar for the springs. Appendix A page 13a. All of these charges were found by the Trial Court, after lengthy consideration of the evidence, to be unactionable.

But even if it be assumed that the majority of the Court was correct in its findings in those respects, such findings did not warrant the granting of the harsh relief directed by its decision. The respondent supports the directive of the majority of the Court that the petitioners be permanently restrained from manufacturing machines

and parts similar to those of respondent and to account for their sales. Although petitioners have reasonably and adequately identified their machines and parts respondent does not deem that sufficient. Petitioners must now alter the slant of the table, the feature which Voigt copied from McTague (see DX-J, page 686, Appendix to Defendant-Appellants' Brief, Vol. 2). Petitioners, as respondent interprets the Court's directive, must also change the form of the yoke, the design of the foot pedals and pressure shoes, all of which are functional parts of the machines and were not even covered by the claims of the Voigt patents. The reason for this is clear: By compelling a change in the structure, the machines and parts become inoperable and prevent the petitioners from selling these parts as replacements for use on machines purchased from the respondent. In this manner, respondent can indefinitely continue the monopoly it enjoyed for nineteen years. Respondent does not dispute the fact, as found by both the majority and minority of the lower court that petitioners were its only competitor in this field. Nor does respondent deny that respondent's own customers, unsolicited, purchased machines and replacements from the petitioners solely because their prices were more reasonable and because of the credits allowed for used parts. With petitioners eliminated as competitors, respondent's complete monopoly in this field will continue forever.

The authorities cited by the respondent in support of its contention that in spite of the expiration of the patent, an injunction against further manufacture of the machines and parts is proper, simply do not stand for that proposition. In the case of *Singer Manufacturing Co.* v. *June Manufacturing Co.*, 163 U. S. 169, this Court specifically stated:

> "• • • It follows as a matter of course that on the termination of the patent there passes to the public the right to make the machine in the form in which

> it was constructed during the patent. We may, therefore, dismiss without further comment the complaint, as to the form in which the defendant made his machines."

In the case of *Kellogg Company* v. *National Biscuit Company*, 305 U. S. 111, decided by this Court in 1938, Mr. Justice Brandeis, writing for the Court, not only repeated the foregoing quote from the *Singer* case, but went on to more emphatically declare it as established law that upon the expiration of the patent, "Kellogg Company was free to use the pillow-shaped form, subject only to the obligation to identify its product lest it be taken for that of the plaintiff."

Until the decision by the majority of the court below in this case, Mr. Justice Brandeis' opinion has been accepted by the Bench and Bar as settled law. The decision of the court below, as Chief Judge Clark pointed out in his dissent, constitutes a complete departure from what has heretofore been accepted as an established principle in the law of unfair competition.

The decision in this case has resulted in widespread comment and discussion among members of the Bar and is referred to in footnote 455 of a progress report entitled, "The Twelfth Year of Administration of the Lanham Trade Mark Act of 1946" submitted by Walter D. Derenberg, Esq., at the annual convention of the American Bar Association held August 24, 1959, in Miami Beach, Florida. This report was published by the Bureau of National Affairs, Inc., and was distributed to the profession as part of Volume 122, U.S.P.Q. 10, Part 2.

The decision of the majority of the lower court which, in effect, eliminates all competition in double point collar pressing machines is contrary to prior decisions of this

Court and unless reversed by a review of this Court will be accepted by the Bench and Bar as a new theory for granting permanent injunctions in unfair competition actions.

It is, therefore, respectfully submitted that the petition for writ of certiorari should be granted.

Respectfully submitted,

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November 17, 1959.